

# TASK FORCE ON UNIVERSITY ACCOUNTABILITY

CONFEDERATION OF ONTARIO UNIVERSITY STAFF ASSOCIATIONS  
COUNCIL OF CHAIRMEN OF ONTARIO UNIVERSITIES  
COUNCIL OF ONTARIO UNIVERSITIES  
MINISTRY OF COLLEGES AND UNIVERSITIES  
ONTARIO CONFEDERATION OF UNIVERSITY FACULTY ASSOCIATIONS  
ONTARIO COUNCIL ON UNIVERSITY AFFAIRS  
ONTARIO FEDERATION OF STUDENTS  
ONTARIO GRADUATE ASSOCIATION

7 May 1993

The Honourable David Cooke  
Minister of Education and Training  
Province of Ontario  
22nd Floor, Mowat Block  
900 Bay Street  
Toronto, Ontario M7A 1L2

Dear Minister:

I am pleased to submit the final report of the Task Force on University Accountability entitled *University Accountability: A Strengthened Framework*. This is submitted to you in accordance with the terms of reference of the Task Force.

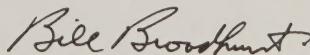
I direct your attention initially to the Executive Summary and the listing of our recommendations that appear on pages 3-10 of the Report.

I respectfully suggest that the Report be released publicly at the earliest possible date since there is considerable interest, particularly within the university community, in the subject of accountability. We know, for example, a number of members of university governing bodies are anxious to review our recommendations as they may pertain to their institutions as a prelude to acting on the accountability issue. We believe distribution of the Report need not wait the announcement of any specific government initiatives since we expect many institutions will act quickly on a number of the recommendations.

I would like to express my thanks to the members of the Task Force, our observers, consultants and project coordinator who have persevered through twenty Task Force meetings, and many consultation sessions to arrive at the recommendations presented in the Report. I would also like to thank Dr. Daniel Lang, chair of a committee of the Council of Ontario Universities, that studied and reported to the Task Force on the issue of performance indicators. The names of the members of the Task Force and of the COU committee appear in the Report.

We would be very pleased to discuss any aspect of this Report and our work at your convenience.

Yours sincerely,



William H. Broadhurst  
Chair, Task Force on University Accountability



# **UNIVERSITY ACCOUNTABILITY: A STRENGTHENED FRAMEWORK**

**REPORT**

*of the TASK FORCE on*

**UNIVERSITY ACCOUNTABILITY**

May 1993



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## **GLOSSARY**

This glossary includes the names of various groups referred to in the Report. When the group is first mentioned, both the name and the acronym are given. Thereafter, for the most part only the acronym is used.

AAC	Academic Advisory Committee
ARC	Accountability Review Committee
AUCC	Association of Universities and Colleges of Canada
CAAT(s)	College(s) of Applied Arts and Technology
CAUT	Canadian Association of University Teachers
CCOU	Council of Chairmen of Ontario Universities
COFO-UO	Council of Finance Officers - Universities of Ontario
COU	Council of Ontario Universities
COUSA	Confederation of Ontario University Staff Associations
CSAO-UO	Council of Senior Administrative Officers - Universities of Ontario
CUPA	Council on University Planning and Analysis
MCU	Ministry of Colleges and Universities
MET	Ministry of Education and Training
OCGS	Ontario Council on Graduate Studies
OCUA	Ontario Council on University Affairs
OCUFA	Ontario Confederation of University Faculty Associations
OFS	Ontario Federation of Students
OGA	Ontario Graduate Association
OUAC	Ontario Universities' Application Centre



## **EXECUTIVE SUMMARY**

This Report is the product of a comprehensive review of the accountability practices of Ontario universities by a ministerial Task Force. It proposes a substantial strengthening of university accountability policies and practices. Recommendations are also made to improve the level of communications between universities and the broader communities they serve. The approach to enhanced university accountability developed by the Task Force involves two components: a strengthened institutional accountability framework supervised by the governing body; and an independent, external monitoring agency. An integrated series of recommendations is presented to effect the renewal.

The institutional accountability framework proposed by the Task Force is one that is transparent, cost-effective and responsive to the stakeholders. It is appropriate to the nature of the university, and respects academic freedom and institutional autonomy.

Judging the governing body to be the primary and most effective locus of institutional accountability, the Task Force describes the attributes of an accountable governing body and makes recommendations on composition, selection procedures, orientation of members, and requisite support systems. It also makes recommendations covering the legal liabilities of members, conflicts of interest and openness.

To meet its responsibility for institutional accountability, the governing body must be properly constituted, organized, supported and empowered. It must also enjoy close relations with the senate and senior administration, and with the three major internal constituencies -- faculty, staff and students.

In developing its recommendations on how the governing body of a university should act to build a strong institutional accountability framework, the Task Force focuses on two essential accountability functions: approval of policies and procedures governing institutional performance, and the monitoring of them. Although satisfied that most Ontario universities have appropriate accountability policies in place, the Task Force concluded that governing bodies are too often insufficiently involved in monitoring performance. Several recommendations, therefore, address this matter.

The Report stresses that each institution should have a mission statement and accompanying academic and financial plans sufficiently specific to permit assessment of progress towards the fulfilment of its mission. Recognizing the propriety of each university itself deciding these matters, the Task Force recommends that each governing body determine the measures to be applied to assess performance. It suggests that these include performance indicators. A report on performance indicators commissioned by the Task Force is included as an appendix.

Among the major areas of university accountability, the Report discusses academic affairs and financial issues. The treatment of academic affairs includes admissions, program quality, research, and terms and conditions of faculty appointment. The treatment of financial issues

includes budgeting, deficit control, financial statements and reports, auditing, management of physical assets, inventory controls, endowment and other restricted funds. Where the Task Force judges improvements are in order, recommendations are made.

To support a strengthened institutional accountability framework, the Task Force recommends the creation of an external monitoring agency. Respecting the independent legal status of Ontario universities and the tradition of institutional autonomy built upon it, the proposed Accountability Review Committee would stand at arms length from both the universities and the government. This agency would have responsibility for monitoring institutional accountability performance and employ two means: a "desk" review of the bi-annual institutional accountability reports and regular "on-site" reviews employing the peer review model conducted on a seven-year cycle. Its reports would be public; identify weaknesses in institutional accountability procedures and performance; and encourage improvements.

The Task Force recommends that the independent Accountability Review Committee be established within the Ontario Council on University Affairs. It proposes that the Committee initiate a pilot project in the academic year 1993-94.

The Task Force recognizes that adoption of its recommendations will increase the already heavy demands made on members of university governing bodies who serve as part-time volunteers. However, relying on the level of interest and goodwill already evident among members, the Task Force is confident that the recommendations are achievable. It concludes that the improvements embodied in these recommendations are both necessary and sufficient to provide proper accountability of Ontario universities for the public funding they receive and to meet the legitimate expectations as to accountability by other stakeholders.

## RECOMMENDATIONS

### CHAPTER 4 AN ACCOUNTABLE GOVERNING BODY

1. **IT IS RECOMMENDED** that the governing body of each university review the procedures for the selection and appointment of the president and senior officers of the administration, and ensure that regular performance reviews of these officers are conducted. (38)
2. **IT IS RECOMMENDED** that the Ministry of Education and Training establish guidelines specifying the minimum essential requirements for composition, selection procedures, and term of office of members of governing bodies of the provincially-assisted universities in Ontario, in accordance with the recommendations made in the following sections. (40)
3. **IT IS RECOMMENDED** that the governing body be comprised of both external and internal members, with a majority of external members. In institutions with a bicameral structure, external members should comprise at least 60% and internal members at least 30%. In institutions with a unicameral structure, external membership should comprise at least 50% plus one. (40)
4. **IT IS RECOMMENDED** that three constituencies be represented among the internal members — faculty, staff and students, and that the minimum number of representatives from each of these groups be two. (40)
5. **IT IS RECOMMENDED** that alumni be considered for selection as external members, both by the institution and by the Lieutenant-Governor-in-Council. (41)
6. **IT IS RECOMMENDED** that Lieutenant-Governor-in-Council appointees be included among the external members and constitute the lesser of one-sixth of the total membership or six members. (41)
7. **IT IS RECOMMENDED** that the President be designated an *ex-officio* internal member and the Chancellor be designated an *ex-officio* external member. (41)
8. **IT IS RECOMMENDED** that internal members of the governing body — faculty, staff and students — be elected by means of direct election at large by each of the relevant groups or sub-groups as designated by the institution. (42)
9. **IT IS RECOMMENDED** that external members determined by the institution be selected after appropriate consultation by the governing body with the relevant external constituencies. (42)

10. **IT IS RECOMMENDED** that Lieutenant-Governor-in-Council appointments be made after consultation with the governing body of the university, and with reference to the institution's protocol and profile of desirable members. (42)
11. **IT IS RECOMMENDED** that, apart from *ex-officio* members, all members be given renewable terms, normally a minimum of two years and a maximum of four years. Exceptions should be considered for student members and when terms need to be staggered to ensure overlap. When more than one member is selected from any particular constituency, provision should be made for staggered terms. (42)
12. **IT IS RECOMMENDED** that a by-law provide for the termination of appointed members who become inactive. (42)
13. **IT IS RECOMMENDED** that each university consider making provision in its by-laws for representatives to the governing body who will serve *ex-officio* as non-voting representatives, and that such by-laws specify whether such persons should have the right to attend and participate in *in-camera* sessions. (43)
14. **IT IS RECOMMENDED** that each university review its orientation program for members of the governing body with a view to meeting the needs of all members, especially on system-level issues. (44)
15. **IT IS RECOMMENDED** that the Council of Chairmen of Universities of Ontario undertake the development of a regular program of orientation for members of governing bodies of Ontario universities on "system" issues and do so in cooperation with COU, OCUA and MET. (44)
16. **IT IS RECOMMENDED** that the governing body of each university review its secretariat to ensure that it is providing the kind, extent and quality of service necessary to support the governing body. (45)
17. **IT IS RECOMMENDED** that the Council of Ontario Universities undertake the development of a list of legislation and regulations that apply to all provincially-assisted universities in Ontario for circulation to its member institutions and maintain a watching brief in this area. (46)
18. **IT IS RECOMMENDED** that each university provide members of the governing body with this list and a summary analysis of how these statutes and regulations may affect policy and other decisions made by the governing body. Discussion and inclusion of this information should be an integral component of the board orientation material and process. (46)

19. **IT IS RECOMMENDED** that legislation be introduced to provide as follows:

- (i) Every member of a governing body and every officer of a university in exercising his or her powers and discharging his or her duties shall,
  - (a) act honestly and in good faith with a view to the best interests of the university; and
  - (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (ii) A member of a governing body shall not be deemed to be a trustee with respect to the university or with respect to any property held or administered by the university including, without limitation, property that may be subject to restrictions imposed by a donor or transferor of such property.
- (iii) A university may purchase and maintain insurance for the benefit of any person referred to in subsection (i) against any liability incurred by the person in his or her capacity as a member of the governing body or officer of the university, except where the liability relates to the person's failure to act honestly and in good faith with a view to the best interests of the university. (47)

20. **IT IS RECOMMENDED** that each university review its conflict of interest rules in the light of this Report and its recommendations, and undertake to have them widely circulated. (48)

21. **IT IS RECOMMENDED** that each university review its policy and practice concerning *in-camera* sessions of the governing body and its committees to provide maximum openness consistent with due respect for confidentiality. (49)

22. **IT IS RECOMMENDED** that each university review with its affiliated and federated institutions the existing agreement between them to ensure that it meets the spirit of the accountability requirements laid down in this Report. (50)

23. **IT IS RECOMMENDED** that such agreements as noted above be embodied in an accountability framework between the sponsoring university and the affiliated or federated institution and their existence noted in the accountability framework between the sponsoring university and the Ministry. (50)

## CHAPTER 5 MAIN ISSUES OF ACCOUNTABILITY

24. **IT IS RECOMMENDED** that each university have a mission statement which includes or is accompanied by academic and financial plans. This statement and accompanying plans should be specific about how the institution's mission is being implemented through these plans and about how progress is being assessed. (53)

25. **IT IS RECOMMENDED** that, after obtaining appropriate advice, the governing body of each university determine which management indicators are to be adopted and how they are to be employed in the institution's accountability framework. Consideration should be given to adopting some of the indicators developed by the COU Committee on Accountability, Performance Indicators and Outcomes Assessment. (55)
26. **IT IS RECOMMENDED** that the governing body approve the university's general policies on admissions and receive an annual report on admissions standards and their application sufficient to enable it to monitor how these standards and practices are serving to fulfil the institution's mission statement and academic plan. (56)
27. **IT IS RECOMMENDED** that the governing body receive a report on the results of all undergraduate program reviews, including those undertaken by the institution itself, an outside agency such as the Ontario Council on University Affairs, or an accrediting agency; and that these reports include any deficiencies identified and the steps being taken to remedy them. (57)
28. **IT IS RECOMMENDED** that the governing body receive a report on the results of all graduate program reviews, including those undertaken by the institution itself, an outside agency such as the Ontario Council on Graduate Studies, or an accrediting agency; and that these reports include any deficiencies identified and the steps being taken to remedy them. (58)
29. **IT IS RECOMMENDED** that the governing body approve university policies covering terms and conditions of academic appointment and monitor their application to ensure that they are being applied uniformly and are achieving their stated purposes, and see that the resource implications of these policies are factored into the institution's long-range financial planning. (59)
30. **IT IS RECOMMENDED** that each university undertake the development of its operating budget in an open manner involving broad consultation with the major internal constituencies, in particular the senate; that the governing body receive regular reports showing actual results as compared to the budget; and that there be a formal policy on deficits. (61)
31. **IT IS RECOMMENDED** that the governing body of each university ensure that decisions concerning ancillary service fees over which the institution has discretion are made only after a public consultation process involving the principal user groups. A clear statement of what is covered by each fee, and the disposition of surpluses and handling of deficits, should be made available as appropriate. (61)
32. **IT IS RECOMMENDED** that, in addition to publishing and making generally available its annual audited financial statements, each university publish an annual summary of its operating results and financial position. The Council of Ontario Universities should

develop a format for such reports that would make them understandable to a reasonably knowledgeable person who may not be familiar with fund accounting. (62)

33. **IT IS RECOMMENDED** that each university brief new members of the governing body on the meaning and significance of fund accounting in reporting on finances. (62)
34. **IT IS RECOMMENDED** that the Provincial Auditor be given authority to conduct inspection audits of all funds provided by the Government of Ontario for operating purposes, whether employed directly for these purposes or transferred to other accounts, and that this additional authority be granted preferably through a protocol with the institution. (63)
35. **IT IS RECOMMENDED** that each university have a current assessment of the costs of deferred maintenance and renewal, and that the governing body take these costs into account when reviewing the institution's financial plans and when approving the annual operating and capital budgets. (65)
36. **IT IS RECOMMENDED** that the Council of Ontario Universities be asked to develop an appropriate system of inventory controls for the physical assets of Ontario universities. (65)
37. **IT IS RECOMMENDED** that the governing body of each institution monitor all institutional research policies and practices to ensure that they are consistent with the university's mission statement and academic plan. (67)
38. **IT IS RECOMMENDED** that the governing body of each university ensure that policies are in place and being adhered to on the following matters:
  - a) all persons holding a position with administrative or managerial responsibilities should possess the skills requisite for satisfactory performance. Persons lacking these skills should be provided with the necessary training;
  - b) all staff serving on committees and other groups involved in work on behalf of the institution should be provided with release time and reduction in work load sufficient to enable them to perform this function effectively;
  - c) staff training and development programs should be coordinated and uniform conditions for career development of staff provided; and
  - d) all legitimate concerns affecting occupational health and safety should be dealt with promptly and effectively. (69)
39. **IT IS RECOMMENDED** that those universities which do not already have an advisory committee on community relations composed of members of the local community consider establishing one. (71)

## CHAPTER 6 AN EXTERNAL MONITORING BODY

40. **IT IS RECOMMENDED** that the Government of Ontario establish an Accountability Review Committee, located within the Ontario Council on University Affairs but independent from it, to monitor and report on the effectiveness of the accountability frameworks of Ontario universities. (74)
41. **IT IS RECOMMENDED** that the Accountability Review Committee be composed of from seven to nine part-time members selected on the basis of expertise and experience, preferably with prior experience on university governing bodies, with a majority from outside universities. (74)
42. **IT IS RECOMMENDED** that members of the Accountability Review Committee be appointed by the Lieutenant-Governor-in-Council after nomination by the Minister of Education and Training. (74)
43. **IT IS RECOMMENDED** that each university submit a bi-annual accountability report to the Accountability Review Committee summarizing the application of its accountability framework on institutional activities over the preceding two years. (75)
44. **IT IS RECOMMENDED** that the Accountability Review Committee conduct on-site accountability reviews of each Ontario university on a seven-year cycle. (75)
45. **IT IS RECOMMENDED** that the Accountability Review Committee report annually to the Minister on its activities attaching reports of its individual on-site reviews. (75)
46. **IT IS RECOMMENDED** that the Government of Ontario provide funding for the establishment and on-going operations of the Accountability Review Committee to monitor accountability in Ontario universities. (76)
47. **IT IS RECOMMENDED** that a pilot project for institutional accountability reviews be undertaken by the Accountability Review Committee in the 1993-94 academic year. (76)

## **PART A: THE ENVIRONMENT**

### **CHAPTER 1 INTRODUCTION**

#### **1.1 The Rising Interest in Accountability**

Universities are recognized as institutions which have an important role to play in the economic, social and cultural development of the province and of the country. That is why they are funded from the public purse. The Task Force on University Accountability was established in response to considerable concern over the accountability of Ontario universities<sup>1</sup> for the large amounts of public funding they receive. This concern is part of the growing interest by government and the public that institutions which receive a large proportion of their revenue from tax-supported grants provide evidence of the sound management and expenditure of these monies.

The majority of university operating revenues are grants (transfer payments) from the Province of Ontario. Universities, however, are not funded solely from the public purse. They also receive tuition fees and revenues from private sources. These latter include endowment income, other fees, research grants and contracts, corporate and individual gifts and bequests, and revenues from the sale of services. Universities are accountable for these revenues as well; but this accountability may quite appropriately be different from their accountability for public funds. The principal concern of the Task Force is the accountability of universities for the public funds received from the Government of Ontario and regulated tuition fees. However, this is not its exclusive concern. In developing its views, the Task Force is conscious of the need for measures and methods of accountability that are appropriate to the various sources of university revenue.

The concept of "accountability" is complicated and used in a variety of ways depending upon context. Because of this, no precise definition is provided. Ontario universities are held accountable by different groups in a variety of ways; the term is applied across a wide range of university activity. At one end of the spectrum there is what might be termed "strict" accountability, when, for example, universities are held accountable by government for their expenditure of public funds by means of explicit rules and regulations. At the other end, there is what might more accurately be called "responsiveness", when, for example, universities are said to be accountable to their local community for providing social and cultural leadership.

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<sup>1</sup> Although the generic term *university* is employed throughout this Report, some of the institutions included in the study are not universities. The mandate of the Task Force covers those institutions which receive transfer payments under the university operating grants formula and the university capital funding program. With the addition of Nipissing University, this includes sixteen universities and Ryerson Polytechnical Institute, all of which grant degrees, the Ontario Institute for Studies in Education, a specialized graduate school of education which awards degrees through its affiliation with the University of Toronto, and the Ontario College of Art, a special mission postsecondary institution that offers programs in art and design. Institutions that are affiliated or federated with the publicly-funded universities are also included.

While certainly about money, accountability is about more than money. While certainly involving management and governance, institutional accountability covers much more. Accountability is not only about the management of physical assets and human resources but also about how social policy is fulfilled and the effectiveness of external communications. As the Task Force examines specific issues the various meanings of university accountability will be developed. So too will the different forms.

Interest regarding the accountability of universities is part of the growing concern over the growth of public funding during the past twenty years, and has been intensified by the current economic situation. As governments have increased spending in response to growing demands for public services, and as taxes have increased to provide the necessary funds, both government and the public have become more interested in how these funds are being used. Are they being spent effectively for the purposes for which they have been provided? Are they being managed well, with due attention to economy and efficiency?

As demands increase for additional support for social, health, education and training programs, government revenues are declining. Increased competition for limited public funds has led to the recipients of these funds being asked to be more accountable for them. Universities have not been exempt. They too are being asked to demonstrate how they are meeting the basic policy objectives of government, and to show that they are managing their revenue in an economic and efficient manner.

Not all calls for increased accountability, however, come from government and the public. Calls are coming as well from within the Ontario university community. Within this community there is a growing recognition that in times of fiscal constraint, academic freedom and institutional autonomy can best be preserved if universities can demonstrate that they are managing their resources well, and are offering high quality academic programs and research that meet the needs of the people they serve.

In order to be more accountable, and in order to demonstrate the degree to which universities are already satisfying accountability requirements, stakeholder groups and the public must be better informed about current practices and reporting mechanisms.

## **1.2 The Ontario Scene: Principal Stimuli**

In law Ontario universities are independent, autonomous institutions. Except for Queen's University, which was established by federal statute, each formally exists by virtue of an act of the provincial legislature. Under the terms of these charters, each university has its own governing body. This body is ultimately responsible for the institution, including ensuring its accountability.

Ontario universities are accountable to the government of Ontario through regulations laid down by the Ministry of Education and Training<sup>2</sup> for transfer payments received. These require them to file annual audited financial statements, audited enrolment reports, and other reports. In addition to these formal requirements, Ontario universities are also accountable in a variety of other ways. Details of these other forms of accountability are provided in Section 2.1.

The perceived need to strengthen the accountability of Ontario universities has been stimulated by reports of the Provincial Auditor and the Standing Committee on Public Accounts.

#### **1.2.1      The Provincial Auditor**

Although the Provincial Auditor has authority under the *Audit Act* to audit any government expenditure, including transfer payments, prior to 1988 his office had not conducted audits of universities. This changed when the Provincial Auditor decided to undertake inspection audits of three universities. These audits took place over a three-year period: Trent University (1988), the University of Guelph (1989), and the University of Toronto (1990). The "scope and objectives for these audits were to assess the adequacy of the universities' accounting records and related procedures."<sup>3</sup> The processes examined included those which affect enrolment data submitted to the Ministry; asset management and control systems; purchasing and payment practices; controls over payroll, operating expenditures and sabbatical leaves; and general compliance with government policy and procedures covering transfer payments.<sup>4</sup>

The Provincial Auditor was not satisfied with the results. Some deficiencies were identified in those areas where records were accessible. But access was denied to certain records judged by the Auditor to be essential for the completion of a proper audit. The inspection audits were limited to Ministry transfer payments which prevented the Auditor from auditing restricted funds. According to the Auditor, "...we could examine only expenditures from the operating fund and some capital fund items of universities. However, when there is any operating surplus, the disposition of that operating surplus is at the discretion of the universities. Surplus, when

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<sup>2</sup> On February 3, 1993, the Ministry of Colleges and Universities was abolished and integrated into a new ministry, the Ministry of Education and Training. This new ministry comprises three former ministries: Education, Colleges and Universities, and Skills Development, plus the Ontario Training and Adjustment Board. Since the mandate of the Task Force was drawn by the former Minister of Colleges and Universities and most of the work of the Task Force was conducted during the period in which that Ministry existed, for the most part the term Ministry of Colleges and Universities is used in the text. Since the recommendations are presented to the Minister of Education and Training, however, this designation is employed in the recommendations.

<sup>3</sup> *Report No. 1*; Standing Committee on Public Accounts, July 1991, p. 34.

<sup>4</sup> *Ibid.*

transferred out of the operating fund, is beyond the scope of our audit.<sup>5</sup> The restriction in scope was supported in a legal opinion obtained by the Council of Ontario Universities (COU) in 1987 which stated in part that, "The inspection audit should be limited to an audit of grant payments received by a university and it must be limited to an examination of the university's own accounting records."<sup>6</sup>

The Provincial Auditor concluded his overall comments on the inspection audits by noting that, "accountability for the significant amount of funding provided to Ontario's universities remains inadequate."<sup>7</sup> A major reason for this statement was the lack of a well-defined accountability relationship. The Provincial Auditor noted: "The enabling Acts for universities place responsibility for the government, conduct, management and control of universities with their governing bodies. To whom these governing bodies are accountable is an issue that remains in limbo."<sup>8</sup> The Auditor noted further that, although the Ministry provides the majority of funds to the universities, which might suggest the universities should report to the Ministry, the Ministry "maintains that it lacks the legislative authority to establish such a relationship. Instead, the Ministry believes that the governing bodies are accountable directly to the public."<sup>9</sup> While acknowledging that the Ministry has encouraged the universities to report publicly on their performance and stewardship of public funds, the Auditor stated that, "No meaningful reporting has as yet been forthcoming."<sup>10</sup>

To remedy this, in June 1991 the Management Board of Cabinet proposed that the powers of the Office of the Provincial Auditor under the *Audit Act* be expanded to provide the Auditor with access to all information and records considered necessary by the Auditor in order to conduct an audit and report fully. Under these proposals, the Auditor would be able to examine and copy any documents or records, and the scope of examination would not be limited in any way. Because the Auditor had expressed concern over the potential for other Acts to conflict with the access to information provision in the *Audit Act*, it was proposed that the revised *Audit Act* also provide for access to information from the auditors (internal and external) of the transfer payment recipients. In effect, all university revenues would be subject to review. In addition, the revised Act would give the Auditor the authority to perform audits of transfer payment recipients on a

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<sup>5</sup> *Op. cit.*, p. 61.

<sup>6</sup> *Op. cit.*, p. 40.

<sup>7</sup> Letter from the Provincial Auditor to the Deputy Minister, Colleges and Universities, December 20, 1990, p. 8.

<sup>8</sup> *Ibid.*

<sup>9</sup> *Ibid.*

<sup>10</sup> *Ibid.*

value-for-money basis.<sup>11</sup> Revisions to the *Audit Act* continue to be considered. The views of the Task Force on the role of the Provincial Auditor in certain of these matters are presented in Section 5.6.5.

### 1.2.2 The Standing Committee on Public Accounts

In the Fall of 1990, the Standing Committee on Public Accounts reviewed the reports by the Provincial Auditor regarding the three inspection audits of universities. Public hearings were held in February 1991 and the Committee tabled its report in the Legislature in July. Its recommendations concerning university accountability were far-reaching.

The Committee concluded that a new system of administrative accountability for universities is necessary and recommended that the *Audit Act* be amended to give the Provincial Auditor greater authority to undertake audits of transfer payment recipients, including universities, and discretionary authority to perform value-for-money audits.<sup>12</sup> The Committee also recommended that the Ministry of Education and Training (MET), in consultation with the universities, develop administrative guidelines for an enhanced management accountability mechanism, based on the principles of economy and efficiency, and standards or procedures to measure effectiveness.<sup>13</sup> In addition, a number of more specific recommendations were addressed to the Ministry and to the universities. The Committee's recommendations are included in Appendix A. This appendix also contains references to where in this Report specific recommendations of the Standing Committee are addressed.

After an informal review of the recommendations in *Report No. 1* of the Standing Committee on Public Accounts and of the draft amendments to the *Audit Act*, members of the university community expressed concern about the proposals to expand the powers of the Provincial Auditor, and recommended to the Minister that there be full consultation prior to making any decisions. Sharing the concern that suitable mechanisms be in place by which the public accountability of universities can be ensured, the Minister identified this as a priority issue and struck this Task Force.

In the course of its consultations, the Task Force met the Standing Committee on Public Accounts in public session on November 26, 1992 to hear the views of the Committee on the *Progress Report and Issues Paper* published by the Task Force in June 1992.

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<sup>11</sup> Excerpted from the draft proposed revisions to the Audit Act circulated by the Secretary of Management Board of Cabinet. June 12, 1991.

<sup>12</sup> *Report No. 1*; Standing Committee on Public Accounts. p. 42. (See Appendix A)

<sup>13</sup> *Op. cit.*, p. 43.

### **1.3 Mandate/Terms of Reference**

The Task Force, comprised of twelve members from the Ontario university community, was formally established by the Minister of Colleges and Universities in September of 1991 and held its first meeting two months later. It was given a broad mandate to develop recommendations for a framework to provide for the clear accountability of Ontario's universities to the public (see Appendix B). More specifically, the Task Force was asked to explore existing accountability mechanisms for universities in Ontario and identify gaps and overlaps; to examine alternative approaches and practices in other sectors and jurisdictions to address the issue of accountability of public sector institutions; to identify potential relative roles and responsibilities of government, the Ontario Council on University Affairs (OCUA) and university governing structures for the development, implementation and monitoring of systems which ensure and demonstrate university accountability; to identify models or types of accountability mechanisms for implementation in the university context, including measures to address the broad public accountability for the overall goals and objectives of universities, the financial accountability of universities to government, and organizational efficiency and effectiveness; to consider the degree to which these models/mechanisms for public accountability ought to be implemented across the university system, or might be adapted, where appropriate, to different institutional situations; to identify the costs which would be incurred by implementing the proposed framework; and to develop a strategy (including time frames) for implementation of the proposed framework.

Given the broad mandate, initially there was some question about whether the Task Force should focus on the accountability of individual universities (institutional accountability) or on "system" accountability. This matter was clarified by the Minister in an early meeting with the Task Force at which he emphasized that the group should focus on accountability at the institutional level. Following this meeting the mandate of the Task Force, as clarified, was described in a letter from the Chair to the Minister, a copy which is also included in Appendix B. Given this focus, most of the analysis and the majority of recommendations in our Report deal with accountability from the perspective of the institution as distinct from the perspective of the Ontario university "system".

### **1.4 The Work of the Task Force**

Twenty meetings of the Task Force were held during the period from November 1991 to April 1993. Following publication of the *Progress Report and Issues Paper* twenty-five consultation sessions with groups and individuals from the Ontario university community were held during September, October and November 1992. In addition, it received numerous written submissions. Meetings and consultation sessions are listed in Appendix C.

The Task Force issued an interim report on June 30, 1992 entitled *Progress Report and Issues Paper*. It was published in English and in French; approximately 3,000 copies were distributed. The report had two purposes. First, in accordance with our Terms of Reference, it was a progress report to the Minister concerning the deliberations and work of the Task Force. Second, to assist the Task Force in its consultations, the report was intended to serve as a vehicle to stimulate discussion and elicit responses from the many persons and groups interested in the university sector and accountability issues.

Prior to establishing the Task Force, the Minister had indicated to the universities his intention to ensure that university governing bodies become more representative of the internal and external communities the universities serve. This matter was included in the terms of reference of the Task Force, which was asked to examine university governing structures and their role in accountability. Early in its deliberations the Task Force identified the role of the governing body as one of the central issues to be addressed and gave this matter a prominent place in the *Progress Report and Issues Paper*.

In the Spring of 1992, as a result of a civil disturbance in Toronto that was seen as having implications for race relations, the government named Stephen Lewis as a consultant to examine the underlying causes. His report, issued in June 1992, included a recommendation that the Minister "examine carefully the representative nature of Boards which govern both Colleges and Universities so that they reflect the changed society of Ontario."<sup>14</sup>

The release of the Lewis Report accelerated the timetable by which government wished to effect changes on university governing bodies. In October, the Minister issued draft guidelines for enhancing the representativeness of university governing bodies and asked for comments by December 18, 1992 from Board Chairs and Executive Heads of the universities, and from university stakeholder groups including the Task Force. As well, over one hundred community groups were consulted on the general subject. The Task Force therefore accelerated a portion of its review of the role of the governing body and responded in a letter (See Appendix D). The content of this letter is reflected in Chapter Four.

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<sup>14</sup> Lewis, Stephen; letter to Premier Rae. June 9, 1992, p. 25.

## CHAPTER 2 ACCOUNTABILITY

### 2.1 Current Accountability Practices in Ontario Universities

Ontario universities are accountable in law and in practice in a variety of ways. As already mentioned, each university has been established by legislation and under these acts the governing body is responsible for ensuring the institution's accountability.

Ontario universities produce a great deal of information about what they do, and about how they are managed and governed. Accountability in Ontario universities takes many forms, ranging from how universities meet the requirements laid down by governments to account for the expenditure of public funds to what might more accurately be described as the ways in which universities show themselves to be responsive to the needs and requests of their various stakeholder groups and the general public. Generally speaking, the reports produced by universities fall into three broad categories: (1) mandated and/or legislated reporting (e.g. enrolment reports, ancillary fees reports, reports on capital spending, audit reports); (2) typical system reporting (e.g. the annual report on institutional revenues and expenditures published by the Council of Finance Officers -- Universities of Ontario (COFO-UO), and the annual report on applications and admissions published by the Ontario Universities' Application Centre (OUAC)); and (3) institution-specific reporting (e.g. annual reports, budget reports, academic plans, reports of the ombudsperson, employment equity reports). A more extensive listing of the kinds of reports produced is contained in Appendix E. The perception exists, however, that universities should do more; this perception must be addressed.

Universities receive substantial revenues from public funds. These include both operating and capital grants. The majority of the grants from the Government of Ontario are provided in the form of transfer payments administered by the Ministry of Education and Training (MET). Operating grants are provided after recommendation by the Ontario Council on University Affairs (OCUA). The bulk of these grants, intended to cover the cost of instructional programs as well as a portion of the cost of research, are distributed by means of an enrolment based formula. Eligibility requirements, which include audited enrolment reports, are described in the Ontario Operating Funds Distribution Manual issued by the Ministry. Major capital grants are made by the Ministry through its capital support program. Other capital grants are provided on a formulaic basis. All have eligibility and reporting requirements. The Ministry requires universities to submit annually an audited financial statement.

In addition, Ontario ministries provide grants in support of Ontario universities for specific purposes related to their mandate or operations: the Ministry of Health in support of clinical education to universities with faculties of medicine; the Ministry of Education and Training to those institutions involved in teacher training; the Ministry of Agriculture and Food to the University of Guelph in support of its research in agriculture and food related matters; the Ministry of Environment and Energy for physical plant capital improvements to enhance conservation measures; and the Ministry of Finance for special capital improvement programs. All have eligibility and reporting requirements.

Universities are also the recipients of numerous grants from, or enter into contractual arrangements with, other agencies and governments for which stringent reporting and audit requirements must be met. For example, the federal government provides research grants to universities through programs administered by three federal research granting agencies: the Medical Research Council of Canada, the Natural Sciences and Engineering Research Council of Canada and the Social Sciences and Humanities Research Council of Canada (which has recently been included in the Canada Council). These grants cover the cost of research programs and the purchase of equipment but not the indirect costs of research. All have eligibility and reporting requirements; all are audited by federal government auditors.

Professional programs (in medicine, engineering, architecture, dentistry, *et al*) are subjected to external peer reviews by the relevant professional associations. Other accrediting agencies and research granting councils also undertake program reviews and use the external peer review model. Many institutions undertake their own evaluations of academic programs and conduct departmental reviews; these too usually employ external peer review.

Through a complex network of relationships involving OCUA, COU and MET, "system" policies affecting a wide range of academic program areas are made and administered. These include the evaluation of all graduate programs by the Ontario Council on Graduate Studies (OCGS) and a review for funding eligibility of graduate programs and undergraduate programs in the professional, quasi-professional and special areas by OCUA.

OCGS, comprised of the Deans of Graduate Studies of the universities, is an affiliate of COU. Its mission is to promote the advancement and coordination of graduate education and research. Its two main objectives are: (1) to provide a system that promotes the maintenance and enhancement of the quality of graduate programs; and (2) to assure government and the public that all graduate programs are of good quality. Since 1967, OCGS has been responsible for the appraisal (standard appraisal) of the quality of all new graduate programs in the Province. No new program can become eligible for government grants in the absence of a successful standard appraisal. In 1982, the appraisals process was extended to all existing graduate programs (periodic appraisal). This process requires a quality assessment of each of the almost 600 graduate programs in the province once every seven years. No existing graduate program may continue to be funded in the absence of a successful periodic appraisal. OCGS is also responsible for advising and informing its members and COU on matters relating to the financial support of graduate students, research funding and administration, the organization of graduate studies, and the establishment of graduate curricula.

OCUA currently has in progress a study on the quality of undergraduate programs. This review of academic accountability was requested by the Minister who, in a memorandum to the Executive Heads of the provincially-assisted universities and related institutions, stated "... Council will address the issue of a system of program review as a means of ensuring accountability for program quality."<sup>15</sup> To date, OCUA has released two discussion papers and held public hearings in the Fall of 1991 and the Fall/Winter of 1992-93 on the issue of

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<sup>15</sup> See Appendix B.

developing a system-wide process for ensuring accountability for undergraduate program quality.<sup>16</sup> The approach which has been discussed is the development of a system of peer-adjudicated academic program reviews carried out by each institution in the province on a seven-year cycle. On a periodic basis, a new committee reporting to OCUA would monitor the effectiveness of these reviews and evaluate the minimum standards of quality applied during reviews. OCUA expects to complete its work and issue an Advisory Memorandum to the Minister on this issue in the near future.

The Council of Senior Administrative Officers - Universities of Ontario (CSAO-UO), another affiliate of COU, publishes an annual report on staff benefits. Salary scales for faculty and staff are published by individual institutions and by Statistics Canada; consolidated data are published annually by the Ontario Confederation of University Faculty Associations (OCUFA). The Ontario Universities' Application Centre (OUAC) publishes annually data on applications and offers of admission to Ontario universities, by institution, and demographic data on the applicants. From time to time OCUA, COU, OCUFA and individual institutions publish financial and other data, such as the value of physical plant, deferred maintenance needs, *etc.*

Most universities publish an annual report, statements concerning mission, aims and objectives, and strategic plans and other occasional pieces. The minutes of the governing body and senate meetings are public. So too are the minutes or summaries of many university committee meetings.

Ontario universities demonstrate accountability in a variety of ways. The Task Force has found a difference of opinion within the university community as to whether or not they should be required to do more. Some members of the university community say no. The Provincial Auditor and the Standing Committee on Public Accounts clearly hold the opposite view. So too do some members of the public and of the university community, in particular representatives of faculty, students and staff.

The Task Force has concluded that, although the present system is basically sound, improvements are required. In addition, there is a major perceptual problem, primarily the result of significant deficiencies in communications. The recommendations in this Report are intended to strengthen the existing system and to deal with the perception problem.

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<sup>16</sup> Ontario Council on University Affairs, *Academic Program Quality Reviews: A Working Paper for Discussion at the 1991 OCUA Fall Hearing on Accountability*. Fall 1991; and *Academic Quality Reviews for Public Accountability: A Working Paper for Discussion at the 1992 OCUA Fall Hearings*. September 29, 1992.

## 2.2 Accountability Trends Elsewhere

### 2.2.1 Universities in Other Jurisdictions

The Task Force's Terms of Reference stipulate that accountability mechanisms employed in other jurisdictions and sectors be examined. The literature describing the mechanisms and experiences of other jurisdictions is immense; a full examination and analysis was beyond the capabilities of the Task Force due to time and resource limitations. However, the Task Force did survey various jurisdictions and offers the following cursory description on how issues of accountability are being handled in other areas.

*Accreditation* is a common method of providing accountability, particularly in the United States. Usually, it is undertaken by a professional association or a voluntary consortium representing a group of degree-granting institutions. Occasionally, accreditation is undertaken by government. When undertaken by a professional association, such as in medicine or engineering, accreditation focuses on programs, not on the institution. When undertaken by an accrediting agency acting on behalf of a consortium of institutions, accreditation involves the whole institution and includes an examination of the institution's mission, governance, curriculum, library and laboratory resources, faculty and support staff, finances and ancillary services. These are measured against standards of quality established by the consortium for its members. Considerable reliance continues to be placed on this form of accountability. But the results are sometimes seriously questioned. When accreditation is undertaken by an agency representing a consortium of institutions, criticism is sometimes registered on one or other of two opposing grounds. It is argued that the minimum standards are set too low in order to produce a positive report and therefore the result is meaningless. Conversely, in other cases it is argued that the standards are set artificially high to protect the interests of the existing members of the consortium with a vested interest in restricting the number of degree-granting institutions accredited in the region. This same criticism is sometimes levelled against professional associations which are considered to have a vested interest in the *status quo* and to be unsympathetic to institutions offering new approaches to the academic discipline.

*Student Assessment* is a new and growing means employed in the United States for purposes of accountability. Increasingly, state legislatures have instituted programs to measure the "output" of colleges and universities in terms of student performance. These programs are intended to report on the "value added" to the student. "Value added" is measured by use of standardized tests given to students on entry and exit, review of examination papers and results, use of external examiners, etc. Follow-up reports by employers are sometimes utilized as well. At least forty state jurisdictions in the United States now employ some form of "output" measures. In the 1991 *Report of the Commission of Inquiry on Canadian University Education*, the Commissioner, Stuart Smith, recommended that Canadian universities develop methods of student assessment including "output" measures.<sup>17</sup>

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<sup>17</sup> Smith, Stuart; *Report of the Commission of Inquiry on Canadian University Education*. Ottawa, 1991, p. 144.

*Performance measurements* have been developed in the United Kingdom and other European jurisdictions as means of strengthening university accountability. Typically, these measurements include both "input" measures such as faculty/student ratios, class size, unit costs, etc. and "output" measures, such as graduation and attrition rates, income of graduates, research grants awarded faculty, etc.

While accreditation by itself is not a means of ensuring accountability, it can assist. Many of the professional programs offered in Ontario universities are already accredited by the relevant professional accrediting agency. This helps to maintain high standards, and the Task Force supports continuance of this type of accreditation. But the Task Force does not favour the establishment of a system of institutional accreditation for Ontario universities. This would duplicate in part activities already undertaken by OCGS and by OCUA (See Section 2.1) and would not be cost effective.

The Task Force considers that its proposals for strengthening university accountability developed in Chapters 4, 5 and 6 will be a more economical and effective alternative. They incorporate the present and proposed activities of OCGS and OCUA. They include some of the methods employed in accreditation and in student assessment programs, in particular, the use of performance indicators involving both "input" and "output" factors.

### **2.2.2 Other Ontario Transfer Payment Recipients**

The Task Force has reviewed the approach to accountability currently being taken by three Ontario ministries involved in the management of transfer payments: the Ministry of Health, the Ministry of Community and Social Services and the Ministry of Education and Training for the Colleges of Applied Arts and Technology (CAATs). All three have the authority to adopt a much more "hands on" approach to their transfer payment recipients than does MET for the universities.

#### **2.2.2.1 Ministry of Health**

As part of its broad strategy for redirecting health care systems in Ontario, the Ministry of Health is in the process of completing a comprehensive review of the *Public Hospitals Act*. An independent Steering Committee report, *Into the 21st Century: Ontario Public Hospitals*, was presented to government and released in April of 1992. The report described accountability as "a necessary foundation for a responsive and responsible health care system."<sup>18</sup> The report went on to say that two levels of accountability need to be addressed: accountability to the patient for the appropriateness, safety, quality and effectiveness of the services provided, and accountability to the public for the effective, efficient use of the resources provided, and within the limits of these resources, for their management so as to ensure the long-term viability of the institution and its ability to handle future demand.

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<sup>18</sup> Steering Committee Public Hospitals Act Review; *Into the 21st Century, Ontario Public Hospitals*. Ontario Ministry of Health, Toronto, February, 1992. p. 22.

This independent report noted that for an institution to be accountable it should be open -- conduct proceedings publicly, provide public access to records, and have specified reporting procedures. Further, the report recommended that a new Act should specify the distinction between governance and management in a more comprehensive and consistent manner -- make clear that governance is the responsibility of the hospital's board of directors; and that management derives its authority from the board and is accountable to it.

When the report was released, the government called for public response to the report and its recommendations and subsequently held eleven Public Hearings across the province last summer. A one-day special session hosted by the Minister of Health was held last September for all chief executive officers and chairs of public hospitals, and all chairs of district health councils and public health units. In November, representatives of the aboriginal community gave presentations and expressed their concerns at a one-day special forum. Ministry of Health staff are now reviewing the 324 submissions in response to the steering committee report in addition to 296 presentations made at the public hearings, twelve submissions from the aboriginal community and a large volume of correspondence on the *Public Hospitals Act*. When the review of these submissions is completed, the Ministry of Health will decide on the best approach to take.

#### **2.2.2.2      Ministry of Community and Social Services**

In 1989, the Ministry of Community and Social Services facilitated a consultation regarding the nature of partnership with transfer payment organizations, the roles and responsibilities in the delivery of social services, and the need for accountability in the use of public funds. Feedback indicated that clarification was required regarding roles, responsibilities and accountabilities in the system. In order to address these issues, an "Accountability Framework" was developed. It is based on a client benefit approach which involves setting all expectations for services in terms of "client outcomes" -- how clients will benefit from the service. The Ministry of Community and Social Services is currently utilizing this approach to accountability internally and externally for services provided to persons with developmental handicaps and for services provided to children.

#### **2.2.2.3      Colleges of Applied Arts and Technology**

Ontario's twenty-two<sup>19</sup> Colleges of Applied Arts and Technology (CAATs) were established simultaneously by provincial legislation in 1966. Each has its own board of governors and conducts its day-to-day activities largely as an autonomous institution. As crown agencies, however, the colleges are under the direct control of the Ministry of Education and Training. Included in their regulations is the requirement that each governing board submit to the Minister an annual report and conduct an operational review every three years.



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<sup>19</sup> A twenty-third college was established in 1990.

An operational review is defined as "a comprehensive evaluation of the appropriateness of the college's policies and procedures for governance, management and college operations; and the efficiency and effectiveness of college operations."<sup>20</sup> Its purposes are threefold:

- to provide the board of governors with an assessment of the extent to which the college is being run efficiently and effectively, and in accordance with government policy;
- to aid the college in identifying action for constructive change; and
- to provide the Minister with an objective demonstration that the board of governors is evaluating the college.

The operational review must, in the opinion of the Minister, be "comprehensive, thorough and objective"<sup>21</sup>. Any "report, study or document received by a board of governors that relates to the operational review conducted by the board" must be made available to the Minister on request.<sup>22</sup>

The same assumptions underlie both the college annual report and the operational review processes. The board of governors is deemed to be responsible for ensuring the quality of education and training to students, and for the good management of college operations. To ensure good management, comprehensive methods for evaluating college operations must be in place. The reviews are meant to improve the colleges' effectiveness and efficiency. It is recognized that each college has a distinct culture and managerial approach; so the procedures and methodologies are tailored to suit the particular college.

The college operational review and annual report processes are intended to provide the Minister with an objective demonstration that the colleges are carrying out an effective evaluation of governance, management and college operations; and to enable the Minister to assure the Legislature and the public that the colleges are well managed.

The three review mechanisms and reporting processes described in this Section all stress aspects of accountability which the Task Force believes are appropriate. In these cases the institutions and agencies in receipt of the transfer payments provide services different from universities and the ministries appropriately possess the legal authority to take a much more "hands on" approach.

Universities, however, have a different relationship to the Ministry. Universities have enjoyed a long tradition of autonomy, an autonomy that is necessary for them to have the independence to explore and develop new ideas. The Task Force has seen as its task the development of a

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<sup>20</sup> Ministry of Colleges and Universities. *Operational Review Guidelines--Colleges of Applied Arts and Technology*. Toronto, November 1989, p. 2.

<sup>21</sup> *Ibid.*

<sup>22</sup> *Op. cit.*, p. 1.

strong system of accountability, like those illustrated in these three areas, but one that respects institutional autonomy and academic freedom. Support for university autonomy is not simply special pleading. It is based on the conviction that institutional autonomy, which serves as a defense of academic freedom, is one of the essential attributes that allows universities to contribute to the betterment of society and its members. The Standing Committee on Public Accounts also recognizes the value of academic freedom and university autonomy.

### **2.3 Comprehensive Auditing**

Comprehensive auditing in Canada originated in the 1970s. It is a method of examination which includes more than the traditional audit of financial statements and of the organization's compliance with pertinent statutory authorities and regulations. It developed primarily in response to client demands for better accountability information. These demands, first raised by the federal Parliament and the legislatures of several provinces, recognized that government was not receiving sufficient information on the performance of ministries and agencies receiving public funds because management, whether in a Ministry or a government agency, was not reporting adequately on performance. Government auditors were formally requested by many legislatures to supply broader accountability information.

In assigning this expanded responsibility to government auditors, however, governments have been cautious. One central component of comprehensive auditing is the concept of value-for-money auditing, characterized by its focus on the three E's: economy, efficiency and effectiveness. A second critical element of a comprehensive audit is its focus on the accountability relationship: the audit must be a report to someone who has delegated authority on the performance of those to whom that authority has been given.<sup>23</sup> Recognizing that the first duty of reporting rests with management, not auditors, certain areas have always been designated as exempt. Legislated and voluntary regimes of comprehensive auditing almost always preclude auditors from reporting information on effectiveness. Auditors are also restricted from commenting on the merits of policy. What has developed, then, is a system of auditing in which the auditors report on perceived deficiencies in management systems and practices, and on procedures that should be in place and working well if management is to pay due regard to value-for-money. Concern for economy and efficiency is strong; concern with effectiveness, however, has become muted except insofar as it can be achieved through the existence of adequate management systems and practices. Effectiveness is now understood as *operational* effectiveness, with emphasis on management systems designed to measure how well policy is being implemented, not to judge policy. This distinction was emphasized by the Provincial Auditor in our second meeting with him in February, 1993.

The Canadian Comprehensive Auditing Foundation, established in 1980, provides support for members in the understanding and promotion of this important new auditing tool. It has identified the university sector as one on which pressure for increased accountability is growing and where comprehensive auditing is relevant, noting that, "...one of the most contentious and

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<sup>23</sup> Canadian Comprehensive Auditing Foundation; *How You Can Influence A Comprehensive Audit: A Client's Guide*. Ottawa, 1991, p. 3.

difficult issues facing universities is the trade-off between access and excellence. Simply put, university administrators recognize that funds are not available to afford unlimited access while preserving the quality of education that most educators rightly judge to be desirable. Trade-offs will have to be made -- but making intelligent trade-offs means that useful, appropriate information is needed." <sup>24</sup>

In a presentation to the Task Force, a representative of the Foundation indicated that the Foundation is convinced that part of a satisfactory answer to the question, "What should be expected in return for investment in Universities?" lies in the adoption of meaningful and appropriate reporting frameworks by universities. These frameworks should be applied rigorously by senior university managers in preparing accountability reports to their governing bodies and other stakeholders. Such frameworks should focus on effectiveness. They should include, but not be restricted to, the use of performance measurements; and recognize that effectiveness has many dimensions. Management's reports to governing bodies and other stakeholders on effectiveness, much like financial reports, should be subject to comprehensive attestation audit (comprehensive audit). In these circumstances, the audit will normally serve to enhance the credibility of management's -- not the auditor's -- assertions about the effective performance of the institution. If, however, management does not adopt and apply rigorous performance reporting frameworks (with audit of the resultant reports), then the Foundation believes that comprehensive audits should nevertheless be deployed to compensate, at least in part, for the lack of rigorous management reporting.

In our second meeting with representatives of the Office of the Provincial Auditor, the newly appointed Provincial Auditor <sup>25</sup> emphasized that a proper accountability framework must be in place. Embodying the mission, objectives and guiding principles of the individual universities within the Ontario university "system", such a framework would clearly define the duties and responsibilities of the institution's governing body, the Ministry of Education and Training, the Legislature, and the Office of the Provincial Auditor, and the reporting relationships among these parties. As well, such a framework would include descriptions of the expectations from the university "system", including accountability expectations and relationships; the system of governance; a clear statement of the requirement that academic freedom be guaranteed without compromise and the principle of institutional autonomy respected.

During this meeting the Provincial Auditor drew on his experience with the Canadian Broadcasting Corporation, referring to sections of the *Broadcast Act* to illustrate one approach to legislating safeguards to freedom. He noted that Section 52(1) of the Act which covers the financial reporting provisions of the Act, including the requirement of comprehensive audits, states: "Nothing in Sections 53 to 70 shall be interpreted or applied so as to limit the freedom of expression or the journalistic, creative or programming independence enjoyed by the

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<sup>24</sup> Canadian Comprehensive Auditing Foundation. *Accountability, Accounting and Audit: Responding to a Decade of Experience*. Ottawa, 1988, p. 7.

<sup>25</sup> Mr. Erik Peters, C.A., was appointed Provincial Auditor of Ontario effective January 1, 1993.

Corporation in the pursuit of its objects and in the exercise of its powers.<sup>26</sup> He believed that any accountability framework for universities should include similar safeguards. While noting that these provisions of the Act apply to crown agencies and that Ontario universities are not crown agencies, the Task Force considers this an example of how legislation requiring comprehensive auditing can attempt to take into account the need to respect the freedom of persons employed by an institution.

Reference was also made to a proposed accountability framework for British Columbia's community colleges and institutes. A recent publication sponsored by the Canadian Comprehensive Audit Foundation outlines this proposed accountability framework. The report identifies a number of principles that "should be respected in implementing the accountability framework."<sup>27</sup> The Task Force notes with interest that these include:

- Implementation (of the framework) must respect the different circumstances and missions, goals and objectives of each institution.
- The tradition of peer evaluation in post-secondary education should be honoured.
- It is up to the institutions to advise their boards on what should be reported, and how it can be measured. It is up to the boards to ask the right questions. The process of framing the questions and developing the reporting should be one of consultation.
- Implementing the framework will require greater than current use of qualitative measures and an understanding of the importance of, but limitations of, quantitative measures.
- There must be harmony between information produced and the capacity of boards and others to use it.

In the course of its work the Task Force has read and heard a great deal about comprehensive auditing and value-for-money auditing. We have concluded that there are serious gaps in understanding and in communication between the proponents and opponents of this form of auditing, both about what it is and about its relationship to accountability.

With respect to the use of terminology to explain the concept, we have found the following three statements to be helpful.

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<sup>26</sup> Section 52.(1) of *The Broadcasting Act* (1991); Chapter 11; 38-39 Elizabeth II.

<sup>27</sup> Canadian Comprehensive Auditing Foundation; *Reporting on Effectiveness in Colleges and Institutes*; Ottawa. 1993. p. 49.

1. "Management should be the primary agent responsible to report to parliament on value-for-money for its programs ... the ideal role of the auditor in value-for-money reporting should be to attest to the fairness of management reports." <sup>28</sup>
2. "[Comprehensive] Audit serves an accountability relationship. It is the independent, objective assessment of the fairness of management's representations on performance or the assessment of management systems and practices, against criteria, reported to a governing body or others with similar responsibilities." <sup>29</sup>
3. "The management representations concept provides an opportunity for managers to explain effectiveness in a context that they and their governing bodies agree is appropriate." <sup>30</sup>

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<sup>28</sup> Canadian Comprehensive Auditing Foundation; *Accountability, Accounting and Audit: Responding to a Decade of Experience*. Ottawa, 1988, p. 4.

<sup>29</sup> Canadian Comprehensive Auditing Foundation; *Comprehensive Audit Reporting*. Ottawa, 1991, p. 32.

<sup>30</sup> Canadian Comprehensive Auditing Foundation; *Effectiveness -- Reporting and Auditing in the Public Sector, Summary Report*. Ottawa, 1987, p. 14.

## **PART B: AN APPROACH TO ACCOUNTABILITY**

### **CHAPTER 3 TOWARDS GREATER ACCOUNTABILITY**

The approach to university accountability proposed by the Task Force calls for the development of a strengthened accountability framework, one which includes provision for the evaluation of performance against stated institutional objectives, and clearly defined reporting relationships and responsibilities. This framework would be applied to the institution under the direction of its governing body. In addition, an independent external agency would monitor the procedures in place and used by the institution to evaluate its own performance. The essential components envisaged by the Task Force for strengthening university accountability, therefore, are a strengthened institutional accountability framework administered by the governing body and an arms-length external monitoring agency. While other internal and external agencies would also be involved, these constitute the key elements.

In this chapter the Task Force reviews the concerns and expectations of the major stakeholders, and develops what it considers to be the essential characteristics of a strengthened accountability framework for Ontario universities. Chapter 4 develops criteria about the composition and operating procedures for governing bodies. In Chapter 5 the essential characteristics of an accountability framework are applied to the main issues affecting accountability identified by the Task Force, including the need for performance measurements. Chapter 6 deals with the external monitoring agency.

#### **3.1 Concerns and Expectations**

In its *Progress Report and Issues Paper* the Task Force described briefly the concerns and expectations about university accountability voiced by three major stakeholder groups: the public, the government and the university community itself. During its consultations with members of the university community and in its meetings with the Standing Committee on Public Accounts and the Provincial Auditor, it undertook to test the accuracy and strength of these earlier impressions. What follows represents the assessment by the Task Force.

##### **3.1.1 The Public**

Without a survey of public opinion or some similar systematic way of obtaining the views of the public, something the Task Force has not undertaken because this was beyond its mandate and resources, it is difficult to have a full understanding of the concerns and expectations of the public. However, it is fair to say that there is general interest in how the universities go about their business: for example, whether they are conducting their affairs with due regard for economy and efficiency, and concern about whether quality and access are declining. Stories in the media indicate that some members of the public are concerned about how universities set their priorities between teaching and research; about how they evaluate the performance of faculty; and about how well they manage their resources.

Various groups within the broader community have specific concerns. Parents want to be assured that there are places in programs for their children and that these are programs of high quality. Employers and professional associations are interested in having sufficient numbers of university graduates with the requisite knowledge and skills for success in the work force or profession. Donors, including increasing numbers of alumni, want to be assured that the monies they give to the university are used for the purposes for which they were donated and are being properly managed. Members of local government in communities where a university is situated are anxious that the institution be a good corporate citizen. Members of the media, who see themselves as watchdogs for the public, want timely access to information about university affairs they consider to be significant.

Recent studies and polls confirm that public satisfaction with Canadian universities is generally high. An Angus Reid poll commissioned by the Association of Universities and Colleges of Canada (December 1992) reports that 83% of the respondents believed universities did a very good or a good job. The 1992 Maclean's/Decima poll found that 84% of Canadian university students rated the overall quality of their university education as good or excellent. The *Report of the Commission of Inquiry on Canadian University Education* noted that, "on the whole, students, graduates and employers do not seem dissatisfied"<sup>31</sup>

### **3.1.2 The Government**

Mention has already been made of the concerns of the Provincial Auditor and the Public Accounts Committee (See Section 1.2). Both have recommended that the powers of the Provincial Auditor be expanded to include the right to conduct value-for-money audits of the universities. The Committee on Public Accounts also recommended that the Ministry develop guidelines to improve control over institutional inventories and to protect assets; and to ensure reporting of exceptions to payroll, purchasing and payment policies. The Ministry expressed opposition to undertaking value-for-money auditing, which it described as an inappropriate tool for assessing the operation of universities. Were the Provincial Auditor to be given such authority, the Ministry stated that "the Auditor must specifically be prevented from auditing the merits of the policies of the transfer payment recipients [universities], consistent with the prohibition of auditing government policy."<sup>32</sup> In his meeting with the Task Force in February, the Provincial Auditor emphatically stated that his Office has no intention of auditing policy.

### **3.1.3 The University Community**

A number of those with whom the Task Force consulted, including members of governing bodies, senior administration, faculty, staff and students, expressed concern over the proposal to extend the powers of the Provincial Auditor to include value-for-money auditing of universities. They

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<sup>31</sup> Smith, Stuart; *Report of the Commission of Inquiry on Canadian University Education*. Ottawa, 1991, p. 14.

<sup>32</sup> Memorandum from the Deputy Minister, Colleges and Universities, to the Secretary, Management Board of Cabinet; October 9, 1991, p. 2.

were primarily concerned about the *effectiveness* criterion included in this form of auditing. This concern was focused in the question, "Who decides on the criteria employed in defining effectiveness?" Behind the question lay the issue of institutional autonomy as the bulwark of academic freedom for faculty and students. The view was also expressed that value-for-money auditing of universities by an external agency would not be cost-effective. In our meeting with him, the Provincial Auditor addressed some of these concerns (See Section 2.3).

Many members of the governing bodies and senior officers of the administration of the universities with whom the Task Force met consider that, generally speaking, their institutions are adequately accountable. While acknowledging that improvements can always be made, by and large they did not see any major substantive problems. Some members of governing bodies, however, are looking for suggestions about how their role as agents of accountability can be strengthened and made more effective. With a few exceptions there is openness to making changes judged desirable or necessary to improve accountability. Many recognized that there is a perception among some in government, and to a lesser degree among the broader public, that universities are insufficiently accountable. There is genuine interest in taking steps to alter this perception.

Among representatives of faculty, staff and students the views expressed were somewhat different. A number considered their universities were insufficiently accountable. Much of the criticism relates to finances, about how senior university administrators and bodies operate too much in secrecy when developing budgets and determining fees. It was argued that the universities are insufficiently accountable to faculty, staff and students for decisions made concerning reductions in programs and in staff, and increases in discretionary student fees. Most prominent among the complaints were those of the representatives of staff associations who stated that they were the major victims of cut-backs. They were the first to have their workload increased and jobs eliminated, their training and developmental opportunities reduced. They were the most marginalized in terms of involvement with and input into institutional decision-making processes. These members of the university community looked to the Task Force to recommend changes.

### **3.2 Essential Characteristics of a Sound Accountability Framework**

In developing an approach to proposing an improved framework of accountability for Ontario universities, the Task Force has endeavoured to identify both the principles that might provide a solid foundation for such a system and the essential characteristics it should embody.

#### **3.2.1 Appropriateness to the University**

##### **3.2.1.1 Governing Body**

A proper system of accountability should reflect the nature of the institution being held accountable. In the case of universities this means in particular that accountability should reflect the reality that Ontario universities are autonomous institutions whose affairs are primarily the responsibility of their governing bodies. Universities are institutions of higher learning dedicated to the pursuit of teaching, learning and research. They are largely self-governing, with

governance and management structures developed to emphasize their primary purpose. They are neither private businesses nor government agencies. In Ontario, universities are statutory corporations. All of the provincially-assisted universities have enabling legislation which sets out their powers and duties. Ultimate responsibility for them rests with their governing bodies. The governing body of a university, then, should be the primary agent for ensuring that the requisite accountability processes are in place and that these processes are working effectively.

While defending the need for institutional autonomy, the governing body must also recognize the large interest that the provincial government has in holding the university accountable for its use of public funds. This interest is direct and substantial, arising as it does on behalf of the taxpayers who contribute these funds. A responsible governing body will also recognize that the institution is accountable to other groups and individuals, and is accountable to them in different ways. This includes a host of other granting agencies, both public and private, and to private donors, both corporate and individual, who provide funds to assist the university in the fulfilment of its mission. It is also responsible to students in the matter of fees and the services provided for the payment of these fees. The Ministry and the provincial government do not have the same responsibility in these areas as they do for public funds, but university governing bodies do. The ways in which governing bodies exercise their responsibility will differ from institution to institution, but the responsibility is the same.

### **3.2.1.2 Academic Freedom and Institutional Autonomy**

One of the great strengths of Ontario universities is the high degree of institutional autonomy they enjoy. When large-scale public funding for universities was introduced some thirty years ago, government recognized the value of leaving the institutions a large degree of freedom to develop their academic programs and to manage their own affairs, persuaded that such freedom was a necessary condition for the development of strong, vibrant institutions of higher learning. Individual institutions have been left largely free to determine how they would fulfil their broad mandates; and they have chosen to do so in diverse ways. There is no University of Ontario, no centralized management of universities, and no highly detailed system of regulations governing the operations of the institutions. As a result, universities have been able to respond more rapidly to the needs of society: to offer a wide variety of choice in program content and format, and a diversity of institutional cultures.

Institutional autonomy is not incompatible with accountability. Neither is academic freedom. Faculty and students in our universities should continue to enjoy academic freedom. Universities should continue to enjoy institutional autonomy, the bulwark that protects academic freedom. Accountability systems appropriate to the university will take academic freedom and institutional autonomy into account. They will also take into account the diversity among institutions that is a consequence of their autonomy. Gaining recognition as being accountable will assist universities in maintaining academic freedom and institutional autonomy.

### **3.2.2 Transparency**

A proper system of accountability should be transparent. This implies two characteristics. First, the framework and processes should be readily understandable; second, they should be open or

accessible. Universities are very complex institutions that engage in a wide variety of activities. At the same time, structurally they are very de-centralized, with many centres of activity somewhat loosely connected to the central organization. Most university business is conducted openly. Governing body and senate meetings are open, except in specified circumstances involving such subjects as personnel matters, matters involving contracts and legal matters which are of a confidential nature. Reports are normally published and generally available to the public. Planning exercises involve a great deal of consultation. While universities operate very openly, that is not the general perception. For many outside the institutions, including those in government, universities are very mysterious places. For many inside the university, too much university business is conducted in secret. Accountability requires that these criticisms be addressed. Universities must place a higher priority on explaining what they do and how they go about doing it.

### **3.2.3      Responsiveness to the Stakeholders**

To be effective, the new system of accountability must be one that enjoys the confidence of the various interested parties. These include government (the Ministry of Education and Training, other ministries and government agencies that provide funds, the Standing Committee on Public Accounts, and the Provincial Auditor); the various constituencies within the university community; private donors; and the public. The Task Force hopes that its recommendations will be seen as improving responsiveness and supported by all of the major stakeholder groups.

### **3.2.4      Cost-Effectiveness**

A proper system of accountability should also be cost-effective. The resources devoted to the system should be sufficient to ensure adequate accountability without being excessive. At the same time, the system should respect the nature of the institution to which it is being applied. For example, university inventory control systems should reflect the fact that many physical assets are intended for use by large numbers of students and faculty who act in a largely independent manner in their pursuit of learning. The cost of maintaining tight control over library holdings might exceed the cost of replacing lost or pilfered items while at the same time inhibiting general use of vital learning materials. Where a typical system of inventory or asset control is not in place, a written rationale for the alternative approach being utilized should be publicized to allay the perception that there are "no controls" in place.

At a more fundamental level, cost-effectiveness should also relate to the way in which a university undertakes to fulfil its educational mission. As already noted, Ontario universities have different missions. One should expect, therefore, that they will employ a variety of different measures of cost-effectiveness based on these different missions. In dealing with performance measurements in Chapter 5, the Task Force takes these differences into account while at the same time recognizing the fundamental similarities among universities as institutions of higher learning.

### **3.2.5 Some Common Elements**

An accountability system intended for use among a group of institutions should contain some common elements. Although they are autonomous and have distinct institutional missions, Ontario universities share a number of broad objectives. All are institutions of higher education dedicated to teaching and research. All are part of an Ontario university "system" and share a number of mandates established by public policy.

Each university should be held accountable primarily by reference to how it fulfills the mission it has determined for itself within the broad objectives of public policy. Accordingly, its accountability system should be built upon this base. However, a sound system of accountability should take into consideration those public mandates which they share in common. This demands some common benchmarks against which institutional performance can be measured in terms of how well it is fulfilling these mandates. These will be in addition to those means required for the proper evaluation of objectives that are institution specific.

The development of relevant benchmarks is an important task in strengthening university accountability. These benchmarks must be applicable to institutions with different educational missions. To be effective, they must also be acceptable to the institutions and to government. In Chapter 5, the Task Force develops its specific proposals in this matter.

## **CHAPTER 4 AN ACCOUNTABLE GOVERNING BODY**

The Task Force considers the governing body of the institution to be the primary and most effective locus of accountability. It constitutes one of the two essential agents -- the second being an external monitoring or regulatory body -- in the strengthened system of accountability being proposed by the Task Force.

The institutions fully recognize the important contribution presently being made by members of governing bodies. One of the strengths of the system is the large number of capable and dedicated individuals who volunteer substantial amounts of time and energy in serving universities. The Task Force realizes that the recommendations in this Report will increase the demands on these individuals. However, in today's climate of increasing accountability in both the public and private sectors more is being expected of persons who serve as directors. In the public sector these expectations are directed towards volunteers. Whether or not there had been inspection audits by the Provincial Auditor or hearings by the Standing Committee on Public Accounts, the Task Force believes that the role of governing bodies, in an era of increased expectations of accountability of our publicly funded institutions, would have been extended in the ways outlined in this Report. We believe volunteers will recognize this and continue their dedication to service in this vital sector even if an additional level of commitment is required. We do not believe the additional time needed from these volunteers will grow to the extent that they will no longer offer their services. However, improvements will be required in the support system (See Section 4.4.7) in a number of institutions. On the important question, "Are the recommendations in this Report achievable?", our reply is a resounding Yes!, relying on the level of interest and goodwill already evident from the volunteer members of governing bodies.

If the governing body is to act effectively as the primary agent of institutional accountability, it must enjoy close and harmonious relationships with the senate and the three major internal constituencies -- faculty, staff and students. Its relationships to senate and to these constituencies must be clear and fully accepted by them. The governing body must also be constituted, organized, supported and empowered in ways that enable it to fulfil properly this essential function.

As noted in Section 3.2.1.1, as the primary agent of accountability, the governing body will recognize the legitimate interest of the government in holding the institution responsible for its use of public funds. Given the varieties of mission among the universities in this province, governing bodies can be expected to exercise their responsibility for accountability in different ways. The comments and recommendations in the following sections of this Chapter should be read in this light.

### **4.1 Senate**

One of the most complex issues affecting university governance involves delineating the relationship between financial and academic affairs and establishing the location of responsibility for decisions covering these two areas. In universities with a bi-cameral structure of governance, this requires defining the relationship between the governing board and the senate. The

establishment of this relationship is a key element in determining accountability. In institutions with a unicameral governance structure (the University of Toronto and the Ontario College of Art), both financial and academic matters come to the governing council for a final decision and the locus of accountability is more clearly defined.

In Ontario universities with a bi-cameral governance structure, the act under which each is established gives certain powers to the senate. These are commonly designated as academic matters -- the power to grant degrees, to determine admission and graduation requirements, to establish courses, programs, departments, schools, institutes and faculties. In addition, senates commonly make policies and regulations affecting the terms and conditions of academic appointment, including promotion, tenure and research leave, teaching load, consulting, ethics in research, etc. While institutional practices vary, in many instances senate policies are formally endorsed by the board. In universities which bargain collectively with their faculty (whether formally registered under the *Ontario Labour Relations Act* or informally by an agreement with the association), some academic matters are dealt with in the collective agreement. In this case, responsibility is divided between the academic senate and the faculty association acting on behalf of faculty. In institutions with a unicameral structure, such matters are commonly considered to be the responsibility of an academic affairs committee. The respective responsibilities of these groups should be clearly defined.

In discussions about the relationship between board and senate, one sometimes hears the statement that the board is responsible for finance and the senate for academic affairs, as though the two areas of jurisdiction existed in separate, watertight compartments. Such a description is simplistic and misleading. While the board has final responsibility for financial affairs and the senate for academic affairs, it is impossible to deal with financial and academic matters in isolation from one another. Although ultimate responsibility in each area rests with a different body, the board in the case of finances and the senate in the case of academic affairs, the two areas are sufficiently inter-related that both groups need to be involved in the majority of decisions. Senate should be able to address financial issues, the board to raise questions about academic affairs. To make intelligent decisions about the finances of the university, the board needs to understand the academic implications; to make intelligent decisions about academic programs, the senate needs to understand the financial implications. These respective jurisdictions of board and senate must be carefully defined and clearly delineated, and fully accepted by both bodies. Accountability requires no less; good governance is assisted appreciably when this is the case.

However, in the accountability framework presented in this Report, including an appropriately representative governing body, it must be understood that the governing body has the ultimate responsibility for the institution and therefore is accountable. Elementary as this point is, it is not always understood or accepted.

One of the principal obligations of the governing body is to ensure that the mission statement of the institution, with the accompanying academic and financial plans, is being fulfilled. Exercising this responsibility requires a regular review of academic programs by the board. Some academics regard such board interest in academic affairs with suspicion and distrust. This view is mistaken. As the January 1993 Report of The Independent Study Group on University Governance, *Governance and Accountability*, issued by the Canadian Association of University Teachers

(CAUT) correctly states, the principal statutory obligation of the board is to ensure the fiscal well-being of the institution. According to CAUT, this can occur "only in circumstances in which the board understands that, in setting the budget, they are establishing the academic priorities of the university as well. It is imperative, therefore, that the board understand and approve of the mission and ensure that modifications to the programmatic structure of the institution are in line with it and are developed in accordance with established policies and procedures."<sup>33</sup>

This does not imply that the governing body should decide the academic content of courses or programs, admission and graduation requirements, or qualifications for appointment to the academic staff -- all are the responsibility of senate. While recognizing that the ultimate academic decisions rest with senate, however, the board may appropriately raise questions about academic matters to ensure that academic programs and planning are both consistent with the institution's mission and capable of being maintained at a proper level of quality with available financial resources. As the CAUT Report puts it, "Boards must thus be both innovative and vigilant in an effort to reconcile the achievement of the goals of the university with the stark realities of the bottom line."<sup>34</sup>

The senate is entitled to sufficient knowledge about the finances of the institution and the budget to enable it to make sound decisions on academic affairs. The board is accountable to senate for providing the elements of the institution's financial plan needed for the development of its academic plan. The senate is accountable to the board for the resources provided for the operation of the institution's academic programs in teaching and research as approved in the academic plan. Board and senate are jointly responsible for the development of the institution's mission statement and accompanying academic and financial plans. This is not inconsistent with the board's ultimate accountability for the institution taken as a whole, especially if it is constituted and operates as recommended in this Report.

#### **4.2 Faculty, Staff and Students**

The governing body holds ultimate responsibility for the terms of the various collective agreements and for other contracts for services performed by employees of the institution. Accountability requires that it be satisfied that all such agreements are consistent with the institution's mission statement, and academic and financial plans.

In addition to having formal representation from faculty, staff and students, a properly responsive governing body will also have good informal relations with these constituencies. This should include the associations which formally represent these constituencies, the faculty association, the staff association and the students' associations. Effective communication and provision for

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<sup>33</sup> Canadian Association of University Teachers; *The Report of the Independent Study Group on University Governance, Governance and Accountability*. Ottawa, 1993, p. 31.

<sup>34</sup> *Op. cit.*, p. 33.

participation by these groups in the development of institutional policies and procedures will assist the governing body in meeting its responsibilities.

#### **4.3 Central Administration**

It must be clearly understood that the governing body must not manage the institution. The officers of the central administration constitute the senior management of the university. They include both the senior officers of the central administration and the senior academic officers. Under the president, the chief executive officer, they are responsible for implementing the policies established by board and by senate, and for the overall management of the institution. Those officers appointed by the board are directly accountable to it.

One of the most important responsibilities of the governing body is the appointment of the president. Given the role of the president in the management of academic affairs, it is appropriate that senate, as the senior academic body, be involved in the selection process. With variations in detail, the selection procedures currently in use in Ontario universities involve a representative presidential search committee and broad consultation. The ultimate responsibility, however, rests with the board, which makes the appointment. Accountability is established by the board specifying clearly the powers and duties of the president and the criteria to be employed in performance reviews. It is essential that these be specified in sufficient detail to enable assessment of performance.

The other members of the senior administration, including vice-presidents, deans and directors, make up senior management; they assist the president in implementing policy and in managing the institution. It is essential that these officers also be carefully chosen and provided with clear terms of reference. Again, although there are variations both among institutions and between academic and non-academic offices, Ontario universities have established procedures covering the search for and appointment of these officers. It remains the responsibility of the governing body to see that these procedures, including performance reviews, are in place and being followed.

Further, it is the responsibility of the governing body to see that the senior management team has good management systems in place and that they are being applied. This constitutes a major accountability function.

**IT IS RECOMMENDED that the governing body of each university review the procedures for the selection and appointment of the president and senior officers of the administration, and ensure that regular performance reviews of these officers are conducted.**

## 4.4 Attributes of an Accountable Governing Body <sup>35</sup>

The governing bodies of Ontario universities exhibit considerable variation in size and composition, organization, and in mode of operation. These variations reflect differences in institutional history and mission. Insofar as possible, these differences should be respected. The Task Force favours retaining maximum flexibility consistent with meeting the essential requirements for an accountable governing body. The recommendations in this chapter lay down what the Task Force considers to be minimum requirements. Where numbers are mentioned, the Task Force prefers, for the most part, relative or proportional rather than absolute numbers. Where constituencies are mentioned, broad generic categories or groups are preferred. This underlines the view of the Task Force that the existing diversity among Ontario universities constitutes a strength that ought to be preserved, and that this can be done without weakening accountability.

### 4.4.1 Membership

An accountable governing body embodies a number of essential qualities. Some belong to the individual members, others to the group taken as a whole. Each member must have sufficient time available for service, and be willing to provide this time. Each member must have relevant skills and interest. And above all, each member must be prepared to make a strong personal commitment to protect and advance the interests of the institution. Regardless of the constituency from which they come or the manner of their selection, all members of the governing body owe a basic responsibility to the institution they serve and must be prepared to put its broad interests first. An accountable governing body, however, is more than a collection of qualified and dedicated individuals. It is a group whose members, taken together, combine the skills and experience required to govern a complex institution.

The criteria employed by the institution and by the government in the selection of members of university governing bodies should take into account both individual and group criteria. Both the requisite personal skills and experience and the balance of these in the group considered as a whole should be taken into account when selecting members. Membership should also reflect, to the extent possible and appropriate, the ethno-cultural and linguistic communities the university seeks to serve. The desirable representative character of the governing body must be considered in the selection of external members, both those named by the institution itself and those named by the Lieutenant-Governor-in-Council.

The Task Force favours the development by the Ministry of Education and Training of a set of guidelines covering the essential requirements for an accountable governing body. These should cover composition, selection procedures and term of office. They should be developed in relation to the protocols covering the appointment of external members of governing bodies that the

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<sup>35</sup> As noted in Section 1.4, at the specific request of the Minister of Colleges and Universities, the Task Force accelerated a portion of its review of the role of the governing body and responded to the Minister in a letter (See Appendix D). Sections 4.4.1 to 4.4.5 reflect the content of that letter.

Minister is proposing for each university. Insofar as possible changes should be made without recourse to legislation. Some might be implemented by the institutions themselves by means of amendments to the by-laws covering the governing body. Others might be achieved by a Memorandum of Understanding between the individual institution and the Ministry. Legislation may be required in a few cases. Relevant details covering each university should be worked out between the Ministry and the individual institution, in consultation as appropriate with OCUA and COU.

**IT IS RECOMMENDED that the Ministry of Education and Training establish guidelines specifying the minimum essential requirements for composition, selection procedures, and term of office of members of governing bodies of the provincially-assisted universities in Ontario, in accordance with the recommendations made in the following sections.**

#### **4.4.2 Composition**

An accountable university governing body should be comprised of both persons who are members of the institution, internal members, and persons who are not. Accountability to society is strengthened if a majority of the members are drawn from outside the institution. The principle of external majority applies both to institutions with a bi-cameral structure and to those with a unicameral structure. For institutions with a bi-cameral structure, the Task Force recommends that at least 60% of the membership be external and at least 30% internal. For institutions with a unicameral structure the percentage of external members might be less so long as they comprise a majority.

It is the understanding of the Task Force that the government intends there to be Lieutenant-Governor-in-Council appointees on the governing bodies of all provincially-assisted universities. Its recommendations regarding Lieutenant-Governor-in-Council appointments are made on the basis of this understanding.

**IT IS RECOMMENDED that the governing body be comprised of both external and internal members, with a majority of external members. In institutions with a bi-cameral structure, external members should comprise at least 60% and internal members at least 30%. In institutions with a unicameral structure, external membership should comprise at least 50% plus one.**

The Task Force supports the suggestion of the Minister that the three major internal constituencies -- faculty, staff and students -- be represented on the governing body. From the perspective of accountability, it considers that the minimum number of members from each of these constituencies should be two. This is to provide continuity (overlap of terms), and to permit better committee coverage and representation.

**IT IS RECOMMENDED that three constituencies be represented among the internal members -- faculty, staff and students, and that the minimum number of representatives from each of these groups be two.**

The Task Force recognizes that some institutions currently make explicit provision for alumni membership on the governing body, including some where alumni are elected. While it does not intend that such provision be made mandatory, given the valuable role that alumni can play, it suggests that institutions seriously consider including alumni among the external members and when proposing names for consideration to the government for appointment as Lieutenant-Governor-in-Council members.

**IT IS RECOMMENDED** that alumni be considered for selection as external members, both by the institution and by the Lieutenant-Governor-in-Council.

In the guidelines proposed by the Minister for consideration, it was suggested as a general rule that the Lieutenant-Governor-in-Council appoint no less than six members. This was based on a model governing body of thirty-six members. Recognizing that some governing bodies have fewer members, the Task Force proposes the lesser of one-sixth of the total membership or six members.

**IT IS RECOMMENDED** that Lieutenant-Governor-in-Council appointees be included among the external members and constitute the lesser of one-sixth of the total membership or six members.

Two individuals who should be appointed to the governing body due to their position are the President and Chancellor.

**IT IS RECOMMENDED** that the President be designated an *ex-officio* internal member and the Chancellor be designated an *ex-officio* external member.

It should be understood that each institution will continue to have discretion in determining the size and composition of its governing body within the minimum limits set out by the guidelines embodying these recommendations.

#### **4.4.3 Selection Procedures**

The procedures used for the selection of members play an important role in the development and maintenance of an accountable governing body. These procedures should take into account the different considerations affecting internal and external members, and among the external members those determined by the institution itself and those appointed by the Lieutenant-Governor-in-Council.

It is understood that, as proposed by the Minister, each institution will develop a protocol based on its mission statement to ensure that the governing body is appropriately representative. This protocol will include a profile of the types of person needed for membership on the governing body; it will be submitted to the Ministry of Education and Training and reviewed annually. The profiles included in the protocol will be employed to assist in the selection of external members.

In its meetings with university governors the Task Force heard that in some instances seats on the governing body were left vacant because of a failure by the Lieutenant-Governor-in-Council

to make an appointment. This weakens the governing body unnecessarily. Since the terms of members are known, in most cases vacancies can be anticipated well in advance of their occurring. Every effort should be made to provide appointments in a timely fashion to avoid vacancies.

**IT IS RECOMMENDED** that internal members of the governing body -- faculty, staff and students -- be elected by means of direct election at large by each of the relevant groups or sub-groups as designated by the institution.

**IT IS RECOMMENDED** that external members determined by the institution be selected after appropriate consultation by the governing body with the relevant external constituencies.

**IT IS RECOMMENDED** that Lieutenant-Governor-in-Council appointments be made after consultation with the governing body of the university, and with reference to the institution's protocol and profile of desirable members.

#### **4.4.4** **Term of Office**

Attention needs to be paid to the term of office provided for members of the governing body in order to assure its efficient and effective operation. The length of term of each member will depend to some extent on the nature of the appointment and the manner of selection. Apart from those who serve *ex-officio*, the Task Force considers that all members should serve limited terms. Normally members should be elected or appointed for renewable terms of not less than two years or more than four years. Exceptions might be made in the case of student members, who could serve a one-year term, or when necessary to adjust the length of term to ensure overlap of members from the same constituency. Members from the same constituency should serve staggered terms based on the normal length of term for members from the constituency. The normal term for an appointed external member might be different from that of an elected internal member.

Appointed members being considered for renewal should be evaluated on the basis of the same criteria as those employed when they were originally considered for appointment. There should also be provision for the termination of the appointment of members who become inactive, both those named by the institution and those named by the Lieutenant-Governor-in-Council.

**IT IS RECOMMENDED** that, apart from *ex-officio* members, all members be given renewable terms, normally a minimum of two years and a maximum of four years. Exceptions should be considered for student members and when terms need to be staggered to ensure overlap. When more than one member is selected from any particular constituency, provision should be made for staggered terms.

**IT IS RECOMMENDED** that a by-law provide for the termination of appointed members who become inactive.

#### 4.4.5 Non-voting Representatives <sup>36</sup>

As a means of strengthening accountability by improving communication between the governing body and the major internal groups that enjoy formal recognition, and in order to improve members' understanding of the implications of board decisions on these groups, the Task Force proposes that all institutions consider supplementing the governing body by providing for *ex-officio* non-voting representatives from among those groups formally representing the major constituencies of the university. These representatives could include and perhaps be limited to the heads of the faculty, student and staff associations. It should be emphasized that not every organization or bargaining unit need have a representative appointed. Only the major constituencies need be considered.

These representatives would have the right to receive notice of meetings of the governing body and relevant agenda material; to attend the meetings and to speak. They would not have the right to vote. In the matter of speaking privileges, representatives would be bound by the same conflict of interest rules as members. Whether or not representatives are permitted to attend and participate in *in-camera* sessions would be determined by the governing body of each institution.

**IT IS RECOMMENDED** that each university consider making provision in its by-laws for representatives to the governing body who will serve *ex-officio* as non-voting representatives, and that such by-laws specify whether such persons should have the right to attend and participate in *in-camera* sessions.

Each institution should determine the constituencies that might be accorded representatives in the light of its history and circumstances, the number of members currently on the governing body from the internal constituencies and in consultation with these constituencies.

#### 4.4.6 Orientation

If members of governing bodies are to fulfil their responsibilities properly and perform effectively, they must be familiar with the institution, its history, mission, current circumstances, and place in the provincial "system". Accordingly, each institution should provide an orientation program for new members to assist them in becoming familiar with essential institutional background information and data, including the institution's mission statement and accompanying academic and financial plans. Orientation should also inform new members about their specific duties and responsibilities, including their legal liabilities, and outline legislation that directly affects the institution and its governing body.

Much of this background material can be provided initially in written form. In the preparation of such material, accuracy, clarity and conciseness should be the principal editorial criteria. A fully developed orientation program will provide new members with the opportunity for

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<sup>36</sup> These non-voting representatives would be in addition to the members elected to the governing body from various constituencies in accordance with the recommendations in Section 4.4.3.

discussion and personal interaction with other members and with those providing the briefings. Orientation programs, therefore, should include seminars, workshops, retreats, and other opportunities for briefings and discussion of relevant issues.

In addition to matters that are institution-specific, relevant "system" information should be included in the orientation of new members. All members of governing bodies should be familiar with the various agencies on the provincial scene and the roles they play. Since this information is common, MET, OCUA, COU and the Council of Chairmen of Ontario Universities (CCOU) might usefully co-operate in the development of written briefing material. Consideration should be given to having CCOU sponsor "system" orientation seminars at which the various provincial agencies might make presentations to new members of governing bodies.

Nor should orientation be restricted to new members. Circumstances change, both within institutions and on the provincial scene. Provision should be made for the continuing education of members of governing bodies on both institutional and "system" issues.

Most Ontario universities have orientation programs for new members of their governing bodies that include most if not all of the provisions mentioned above. No large-scale changes are required. It would be in order, however, for institutions to review their orientation programs, with particular reference to the desirability of providing more background on "system" issues. This might best be achieved by a joint approach that would enable members to share experiences and facilitate networking, and allow all institutions to capitalize on best institutional practices.

**IT IS RECOMMENDED** that each university review its orientation program for members of the governing body with a view to meeting the needs of all members, especially on system-level issues.

**IT IS RECOMMENDED** that the Council of Chairmen of Universities of Ontario undertake the development of a regular program of orientation for members of governing bodies of Ontario universities on "system" issues and do so in cooperation with COU, OCUA and MET.

#### **4.4.7      Support Systems**

To be effective, the governing body needs the support of a secretariat with appropriate staffing. Operating at arms length from the office of the president, the board secretariat fulfils a service function essential to the effective operation of the institution's governing body. It has the task of assisting in the preparation of agendas and assembling relevant documentation for the meetings of the governing body and its committees, for briefing the chair, for assisting members to prepare for meetings and to fulfil their various duties, and for assisting in the communication and implementation of decisions made by the governing body.

All institutions provide secretariat support for their governing bodies. The Task Force is not aware of any major deficiencies in the kinds and quality of support provided by these secretariats. However, the Task Force has noted that often members of governing bodies complain of being inundated with too much information. At the same time, all members should exercise care to see

that they are presented with an appropriate spectrum of opinions on controversial issues that come before them. They should resist falling captive to those with an interest in promoting a particular viewpoint and weigh all arguments carefully before coming to a decision. Secretariat staff must balance the requirement to provide succinct pertinent information with that of avoiding too much screening and editing of the information presented.

It would be in order for all institutions to review the operations of the secretariat in the light of the proposals made in this Report for strengthening the accountability role of governing bodies.

**IT IS RECOMMENDED that the governing body of each university review its secretariat to ensure that it is providing the kind, extent and quality of service necessary to support the governing body.**

#### **4.4.8 Legal Liabilities of Members**

Each member of the governing body of a university should have a clear understanding of the legal responsibilities and liabilities of membership. While they serve as volunteers without remuneration on the board of a non-profit organization, members have certain legal responsibilities. By agreeing to join the governing body, the members accept certain risks. Responsible board members will want to know what these risks are; those involved in briefing them will want to assist them in assessing and minimizing these risks through understanding and prevention.

Early in the deliberations, however, it became evident to the Task Force that a clear understanding of the legal responsibilities and liabilities of membership is impossible, since at law there is a great deal of uncertainty with respect to the extent to which a board member has a duty of care to his or her institution.

This uncertainty has led some legal commentators to suggest that the standard of care is subjective -- a member need only be able to demonstrate that he or she has been honest and has exercised the care and skill, however minimal, of which he or she is capable. Other commentators have suggested that all members be treated as if they were formal "trustees", with all of the attendant consequences. The Task Force does not accept either extreme, if the intent is to provide for better accountability while at the same time to avoid discouraging able persons from serving.

In other jurisdictions this uncertainty has been recognized and removed by statute with a "middle ground" of responsibility imposed. The Task Force proposes that this "middle ground" of responsibility be adopted, one based on the reasonable person approach or test. In the exercise of their powers and the discharge of their duties, then, members of governing bodies should expect to exercise a degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

To help in reducing risks and limiting potential liability, members should know what statutes and regulations affect the operations of the university. This is not easy, since there are many pieces of legislation that directly affect the institution and its operations. At a minimum, members of

governing bodies should be provided with a list of these and summary information on how they affect the institution. The Secretary of the Board of Governors of the University of Western Ontario has recently (December 1992) prepared a list of government statutes which identify situations in which board members or university officers may be held liable for non-compliance. Members should also be well briefed on matters that come before the governing body and to participate fully in its decisions. They should ensure that proper systems of internal accountability are in place and operating effectively. Legal counsel should be sought in cases where there is any doubt concerning the applicability to the institution of legislation or regulation at any level of government, municipal, provincial or federal.

Institutions should also provide indemnification insurance for members of the governing body to the extent permissible by law. The Ministry of Education and Training should be asked to clarify whether funds provided through transfer payments may be used to cover the cost of indemnification insurance.

**IT IS RECOMMENDED** that the Council of Ontario Universities undertake the development of a list of legislation and regulations that apply to all provincially-assisted universities in Ontario for circulation to its member institutions and maintain a watching brief in this area.

**IT IS RECOMMENDED** that each university provide members of the governing body with this list and a summary analysis of how these statutes and regulations may affect policy and other decisions made by the governing body. Discussion and inclusion of this information should be an integral component of the board orientation material and process.

**IT IS RECOMMENDED** that legislation be introduced to provide as follows:

- (i) Every member of a governing body and every officer of a university in exercising his or her powers and discharging his or her duties shall,
  - (a) act honestly and in good faith with a view to the best interests of the university; and
  - (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (ii) A member of a governing body shall not be deemed to be a trustee with respect to the university or with respect to any property held or administered by the university including, without limitation, property that may be subject to restrictions imposed by a donor or transferor of such property.

- (iii) A university may purchase and maintain insurance for the benefit of any person referred to in subsection (i) against any liability incurred by the person in his or her capacity as a member of the governing body or officer of the university, except where the liability relates to the person's failure to act honestly and in good faith with a view to the best interests of the university.

#### 4.4.9 Conflicts of Interest

Recognizing conflicts of interest and avoiding them represents an important accountability factor. All members of university governing bodies should be scrupulous in avoiding placing themselves in situations of a conflict of interest, by declaring a conflict of interest when one occurs and taking the necessary steps to comply with the institution's regulations concerning such conflicts. While basically a matter that depends on personal integrity and, as such, involves self-policing, today there is greater awareness of the need to have policies in place to assist in the determination of circumstances in which it is appropriate to declare a conflict of interest and procedures for dealing with this issue. Each institution should have a clear policy on conflicts of interest, one that is in accordance with legislation. The policy should be established by by-law and specify both the conditions which create a conflict of interest and how a member is to proceed when in a conflict of interest: whether the member must leave the meeting, refrain from participating in the debate on the matter, or simply refrain from voting. The governing body is responsible for ensuring that all members are made aware of the need to declare any conflicts of interest and the penalties that might result from the failure to do so.

Given the nature of the university and its collegial form of governance, the policy should take into account differences between external and internal members of the governing body, and among the internal members the differences between faculty, students and administrators. External members should declare a conflict of interest on all matters which directly affect their professional or business affairs. In addition to these considerations, faculty and administrators should declare a conflict of interest on all matters involving their remuneration as employees of the institution.

The Task Force favours allowing faculty, staff and student members some involvement in matters coming before the governing body that directly affect them. As knowledgeable members of the university community, faculty and staff should be permitted to participate in discussions involving their remuneration; but as potential beneficiaries of the decision they should not vote. While students are directly affected by decisions on fees, they should be permitted both to participate in the discussion and to vote on such matters. They represent a large constituency whose views are important to take into account. Moreover, since they are members of the community for only a brief period, any personal benefit they might derive is minimal.

While all institutions have conflict of interest rules, in some cases rather elaborate ones, these rules appear not to be widely known or understood. All institutions should review their provisions covering conflict of interest in the light of the above and ensure that the rules are widely circulated.

**IT IS RECOMMENDED** that each university review its conflict of interest rules in the light of this Report and its recommendations, and undertake to have them widely circulated.

#### **4.4.10 *In-Camera* Sessions**

Generally speaking, Ontario universities conduct their operations in a very public way. For the most part, the meetings of governing bodies and senates are open. With few exceptions, university reports are considered public documents, distributed widely within the university community, and made available to the wider community on request. Much time and effort is spent in the preparation and distribution of written materials, and in briefings on their contents. Yet, during its campus visits the Task Force heard criticisms from faculty and student groups that information they considered to be relevant to their legitimate interests, and in their view non-confidential, was regularly withheld from them on the grounds of confidentiality. They claimed that in these matters the governing body and senior administration were insufficiently accountable. Hardly surprising in the current climate of financial retrenchment, this often affected the budget-making process.

The Task Force did not undertake any investigation of such claims, since this was beyond its terms of reference; and it makes no judgment on them. But it has identified a problem area -- the alleged abuses of confidentiality cover both planning documents and committee reports, and the provisions covering *in-camera* sessions of the governing body and its committees. All agree that some matters of university business should be covered by rules of confidentiality; and all accept that dealing with such matters *in-camera* is appropriate. The question, however, is how far the cloak of confidentiality should be spread. If it is spread too widely and the use of the *in-camera* provision too frequent, the essential accountability criterion of transparency is not met. This is a cause of concern to the Task Force.

All institutions have rules covering confidentiality and provision for holding *in-camera* sessions of the governing body and its committees. Some are very detailed. For example, the University of Toronto distinguishes between *in-camera* sessions and closed sessions. When a session is declared *in-camera* only members of the relevant committee and such other person or persons considered by the committee to be necessary to facilitate its work may be present. When a session is declared closed, members of the Governing Council who are not members of the Committee, members of a board to which the committee reports and such other persons considered by the committee to be necessary to facilitate its work, may be present.<sup>37</sup>

The Task Force does not intend to provide detailed proposals; it expects there to be variations among the institutions as to how they deal with this matter. In general, however, procedures covering *in-camera* sessions should be based on the understanding that, while there are legitimate reasons for proceedings to be held *in-camera*, for the most part meetings of the governing body and its committees should be open. Grounds for moving *in-camera* should be few, explicitly stated, and resorted to infrequently.

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<sup>37</sup> University of Toronto. *Governing Council By-Law Number 2*. Sections 35 and 36.

Each institution needs a clear policy on confidentiality stated in the governing body by-law -- what the requirements of confidentiality are; and what the sanctions are, if any, for violation of these rules. A quick review of existing by-law provisions covering *in-camera* sessions shows three commonly stated grounds for moving *in-camera*: personnel matters, matters involving contracts, and legal matters involving the operations of the institution. Some universities provide further that any matter deemed confidential by the board can be dealt with *in-camera*. One institution, for example, provides that any member of the board may request an item be dealt with *in-camera*; that a motion to move *in-camera* shall be placed without debate and considered carried by a simple majority. Such provisions should be used sparingly. Where a good deal of board business is conducted *in-camera*, a question should be raised as to whether this is really necessary. While the policy may not need changing, its application probably does.

**IT IS RECOMMENDED that each university review its policy and practice concerning *in-camera* sessions of the governing body and its committees to provide maximum openness consistent with due respect for confidentiality.**

#### **4.5 Affiliated and Federated Colleges and Universities**

Many Ontario universities have universities/colleges related to them under terms of affiliation or federation. Most of these are church-related institutions which have their own degree-granting powers. With the exception in specific cases of programs in theology and theology-related disciplines which the church-related institution offers under its own degree granting charter and for which it usually receives partial funding, these powers are held in abeyance under the terms of affiliation or federation. This relationship with a sponsoring secular university is the means by which the church-related institution becomes eligible for full public funding. As an affiliated or federated institution, it offers academic programs and courses approved by the senate of the sponsoring university which are fully funded; it registers students who proceed to an academic degree awarded by the university. The senate of the sponsoring university acts as guarantor of the academic *bona fides* for these fully-funded programs and courses. This summary description may not completely describe each of the variety of arrangements between the affiliated or federated institution and its sponsoring university.

Except in the cases of Algoma College and Collège de Hearst, non-church-related institutions affiliated with Laurentian University, enrolment reporting for funding purposes is done by the sponsoring university and operating grants are disbursed by the Ministry to the university. These funds are then disbursed by the university to the affiliated or federated institution under the terms of an agreement between the two institutions.

Each affiliated or federated institution has its own governing body. These bodies exercise essentially the same functions as the governing bodies of wholly independent institutions; they are ultimately responsible for the institution and accountable for its operations. However, when the sponsoring university exercises a direct role *vis à vis* the Ministry, there is a sense in which the governing body of that university may be considered accountable for the affiliated or federated institution. This responsibility can only be exercised legitimately if this governing body can properly claim that the funding which "passes through" it to the affiliated or federated

institution is being properly accounted for by that institution. This implies the existence of an accountability framework involving both institutions.

Algoma College and Collège de Hearst deal directly with the Ministry and with OCUA and receive their grants directly from the Ministry. As a consequence, their governing bodies have greater responsibility for institutional accountability and that of Laurentian correspondingly less.

The Task Force is conscious of the need to preserve the autonomy and independence of these affiliated and federated institutions. It does not wish to extend the control of the sponsoring university beyond the minimum required for purposes of accountability. It considers that these requirements can be met by means of arrangements between the sponsoring university and the affiliated or federated institution which spell out reporting lines and information requirements to meet accountability. In all cases, such agreements now exist; they may not need to be altered.

**IT IS RECOMMENDED** that each university review with its affiliated and federated institutions the existing agreement between them to ensure that it meets the spirit of the accountability requirements laid down in this Report.

**IT IS RECOMMENDED** that such agreements as noted above be embodied in an accountability framework between the sponsoring university and the affiliated or federated institution and their existence noted in the accountability framework between the sponsoring university and the Ministry.

## **CHAPTER 5**

## **MAIN ISSUES OF ACCOUNTABILITY**

In Chapter 3 the Task Force identified five essential characteristics of a sound accountability framework for universities. In Chapter 4 it described the role the governing body should play in the strengthened institutional accountability framework being proposed, and detailed the characteristics this governing body should have if it is to fulfil this role successfully. In this chapter the Task Force addresses the main accountability issues. These include issues identified by the Provincial Auditor and the Standing Committee on Public Accounts. Also included are issues raised by members of the university community and others with whom the Task Force has consulted. While the list is not comprehensive, it includes issues that have been clearly identified as major.

Prior to examining these issues, however, the Task Force addresses how best the governing body should play its essential role. The focus is on the obligations of the governing body to approve and monitor institutional policies and procedures (Section 5.1). The chapter then discusses various forms of monitoring (Section 5.2), the place of mission statements in institutional accountability mechanisms (Section 5.3), and the relevance of institutional management indicators (Section 5.4). The remaining seven sections deal with the application of these mechanisms to the major issues. Here the Task Force makes its recommendations for strengthening institutional accountability.

### **5.1 The Role of the Governing Body**

In developing its specific proposals on how the governing body should act to build a strong institutional accountability framework, the Task Force focuses on two essential accountability functions that are the responsibility of the governing body -- the approval of policies and procedures covering institutional performance, and the monitoring of them. The governing body must see that the institution has the requisite accountability policies and procedures in place, and that they are working. Having good policies is not enough; these policies must be monitored to ensure that they are producing the intended outcomes.

From our consultations we have concluded that most Ontario universities have appropriate policies in place. However, governing bodies are often insufficiently involved in monitoring how well these policies are working. Accordingly, many of the recommendations in this Report address the need to expand the monitoring function of the governing body.

### **5.2 Accountability Mechanisms**

A variety of mechanisms are available for use in the development of a sound accountability framework. Being accountable means operating openly and reporting on operations, both key elements in the notion of transparency mentioned in Section 3.2.2. Being accountable also means having in place sound management and information systems to monitor performance and measure effectiveness. They include the use of management or performance indicators where appropriate, both those that measure "inputs" and those that measure "outputs". At the most basic level, however, being accountable involves having in place mechanisms that allow the governing body

to establish policy and to monitor its effectiveness. Each is an essential condition for a strong accountability framework; neither by itself is a sufficient condition.

As indicated in Section 2.1, Ontario universities fulfil the requirements of accountability in a wide variety of ways. They operate openly and report widely. All employ management and information systems and report on their activities. All have numerous policies and procedures developed to assist them in the achievement of their basic objectives. Taking these all together, the Task Force has concluded that the accountability frameworks of Ontario universities are basically sound. At the same time, however, it has concluded that the existing mechanisms can be strengthened by taking greater care in their application and by paying more attention to explaining how they are applied and how well they are working.

Improvements can be made in two areas. Both involve the monitoring role of the governing body. First, institutional policies and procedures should be monitored to ensure their broad and consistent application. Secondly, relevant indicators should be developed and applied to assist in the measurement of performance towards stated objectives.

### **5.3 Institutional Mission Statements and Plans**

As institutions of higher learning, universities exist to advance knowledge through teaching and research. These broad objectives are stated in their acts of incorporation. Many universities further specify these broad objectives in mission statements. These mission statements are key instruments of accountability. They should specify the particular mission the institution has decided to undertake and be formally approved by the governing body. In addition to including objectives that are particular to the institution, the mission statement will include those objectives the institution shares with other universities. Since Ontario universities receive public funding for the purpose of contributing to the educational, social, economic and cultural needs of the province and of the country, these objectives should also be included.

While all Ontario universities share many common objectives, they are far from being homogeneous institutions. They see their missions differently. These differences are reflected in different mixes of academic programs, different methods of program delivery, different balances between instruction and research, different approaches to accessibility, and so on. These differences often reflect the historical roots of the institutions and their evolution. This diversity is an important element in the strength of the Ontario university "system". The unique character of an institution should be reflected in its mission statement; its governing body should see that the institution is acting to fulfil this mission.

A cursory review of existing institutional mission statements reveals considerable diversity. All declare the institution's basic purposes; but some statements are much more detailed than others. Some speak to what the university is; others describe what it should be. Some state what the university should do; others what it should not do. Some provide built-in benchmarks by which progress can be measured; most do not. Institutions which set different missions for themselves can be expected to have different mission statements. However, if a mission statement is to serve as an instrument of institutional accountability, and the Task Force thinks it should, this mission statement must be sufficiently detailed to provide a basis for assessing institutional performance.

This means that the mission statement should include, or be accompanied by, realistic academic and financial plans against which performance can be measured.

Since Ontario universities share some common objectives, their mission statements and plans should reflect these common objectives and state how the institution proposes to fulfil these objectives. The institution's mission statement and plans might include, for example, a statement of program mix, the academic programs the institution is committed to offering; the institution's approach to accessibility, whether it is committed in a particular way to providing local accessibility, accessibility to specific linguistic or cultural groups, including international students; how the institution sees the balance between teaching and research, and between graduate and undergraduate teaching, and how it establishes priorities and allocates resources for each; institutional capacity and how this affects admission standards and enrolment levels by program, etc.

Planning involves taking a long-term perspective. It is to be expected, therefore, that university planning will focus on the longer-term, seeking the development of academic and financial plans to enable it to fulfil its mission. In the current circumstances of Ontario universities, however, it is almost impossible to make accurate financial forecasts more than one year in advance. This makes multi-year planning both difficult and hazardous. It places greater emphasis on the need to review plans in the light of altered revenue and expenditure forecasts, and the corresponding need to have accurate data and performance indicators on which to conduct these reviews.

Autonomous institutions will have different missions and will develop different ways of fulfilling their missions. They will develop different ways of measuring performance and different ways of monitoring effectiveness. To be properly accountable, each institution must be able to show how it undertakes to implement its mission -- what its plans are; how they are developed and approved; how they are implemented and their effectiveness assessed; and how they are reviewed and revised in the light of changed circumstances and evaluations of performance. While all the major constituencies of the university should be involved in these exercises, it remains the responsibility of the governing body to see that this is done.

**IT IS RECOMMENDED** that each university have a mission statement which includes or is accompanied by academic and financial plans. This statement and accompanying plans should be specific about how the institution's mission is being implemented through these plans and about how progress is being assessed.

#### **5.4 Strengthening Accountability through Management Indicators**

In September 1992, to assist it in developing a better understanding of how governing bodies might improve their ability to monitor university activities, the Task Force invited the Committee on Accountability, Performance Indicators and Outcomes Assessment, a sub-committee of the COU Committee on University Planning and Analysis, to provide advice on benchmarks and indicators that might be used by the individual governing bodies of Ontario universities to improve their ability to hold their institutions accountable. The Committee recently presented its report concurrently to the Task Force and to COU. The text is included as Appendix G. The

Task Force is much indebted to the Committee for the successful completion of a difficult and time-consuming task. Its report has been of great assistance and was used extensively in the preparation of this chapter.

The Task Force did not want indices whose prime purpose would be to establish norms to be applied uniformly to all universities and used to rank them. It was looking for a comparatively small number of management or performance indicators that were reliable, easily understandable and meaningful, to assist in the assessment of an institution's progress in reaching its stated objectives. This is what it received from the Committee.

Employing four criteria: *relevance*, *reliability*, *accessibility*, and *clarity*, the Committee has developed twenty-five indicators. They have been deliberately designed to be employed at the institutional level to inform governing bodies about the activities and performance of the institution. While objective, they are not necessarily absolute. They rely on definitions, data and reporting formats that are now or could be common across all Ontario universities. Each presumes a definition or a data source that is known to be feasible.

It should be stressed that these indicators are to be used in conjunction with institutional mission statements and their supporting academic and financial plans. In this important sense, they are institution-specific. They assume the existence of a clear sense of institutional purpose expressed in a mission statement and supporting plans. They are intended to provide a means of assessing the match between institutional purpose and performance, although they are only one means among several that might be employed for this purpose. In the context of the institution's mission statement a choice of indicators would be made from among the array presented. Several universities might choose some of the same indicators. However, their meaning and significance would vary in accordance with differences in institutional mission. Indicators judged as inappropriate in gauging progress towards the fulfilment of the institution's mission would be set aside.

In examining the question of which indicators to use, the Task Force urges university governing bodies to focus on the purpose of a given indicator as described in the committee's report, not on the details of the calculations and methodologies. These indicators have been developed by a group of senior university administrators experienced in these matters. In our view lengthy debate over details would not be productive. Over time, and with assistance from the monitoring agency the Task Force is proposing in Chapter 6, information will become available about "best practices" in the use of management indicators. Refinements as necessary can then be made.

The Task Force noted with considerable interest the recommendations of Stuart Smith in the *Report of the Commission of Inquiry on Canadian University Education* concerning performance indicators. The response to this report of the Association of Universities and Colleges of Canada Task Force stated in part "in order to move forward on this front, the AUCC, in conjunction with regional and provincial associations of universities, should immediately begin work to address the issues surrounding performance measurement in higher education; to propose standard definitions of a series of specific questions of performance; and to develop indicators

encompassing both the teaching and research functions of universities".<sup>38</sup> It is the view of this Task Force that the work done on this topic at our request by COU's Committee on Accountability, Performance Indicators and Outcomes Assessment and our subsequent recommendations are only the first step in the application of performance indicators in assisting institutions to demonstrate their progress in realizing their stated goals.

The Task Force wishes to emphasize an important caveat noted by the COU Committee. These indicators have not been devised to serve the purpose of institutional comparison or ranking, and should not be employed for such purposes. The Committee recognizes, however, that governing bodies and other agencies in fulfilling their mandate for accountability may quite legitimately wish to construct comparative lattices based on these indicators or some sub-sets of them. As the Committee points out, if any of these indicators is to be employed for comparative purposes, it will be necessary first to determine which institutions are to be considered as peers for the purposes of comparison. Only peer institutions can be usefully or appropriately compared by use of these indicators. Indeed, when employing the peer principle, it is probably more meaningful to compare faculties or academic program areas, for example, health sciences, engineering, law, etc. across institutions rather than compare institutions as a whole.

**IT IS RECOMMENDED** that, after obtaining appropriate advice, the governing body of each university determine which management indicators are to be adopted and how they are to be employed in the institution's accountability framework. Consideration should be given to adopting some of the indicators developed by the COU Committee on Accountability, Performance Indicators and Outcomes Assessment.

## 5.5 Academic Affairs

While the matters dealt with in this section fall in the broad area where the academic senate has primary responsibility, the ultimate responsibility of the governing body for accountability requires that it be involved in the formal approval of institutional policies and procedures, and in monitoring them.

### 5.5.1 Admission Standards

Ontario universities establish their own admission standards. As autonomous institutions, they should be free to do so. As publicly-funded institutions, however, taken together as a "system", Ontario universities should be accessible to all qualified students. There should be no systemic barriers to admission and to successful completion of programs to which students have been admitted.

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<sup>38</sup> *Report of the AUCC Task Force on the Report of the Commission of Inquiry on Canadian University Education*; Association of Universities and Colleges of Canada. Ottawa, June 1992, p. 15.

All applicants should understand clearly what the admission requirements are. These requirements should be fairly and equitably applied, and be seen so to be applied. Each institution should publish its admission policies and standards, and distribute them widely. They should be clearly related to the institution's mission statement. If the institution makes special provisions related to its mission, for example, consideration of special measures to increase admission of persons from a particular ethnic, linguistic or cultural background, or from a given geographical area, these provisions should be clearly identified and appropriately approved.

The governing body should approve the institution's general policies on admissions. It should be fully informed about how these policies are translated into admission standards and receive annual reports on the application of these standards. The governing body should monitor progress on how these standards and practices fulfil the institution's mission statement. With advice from senate, the governing body should consider employing several indicators to assist in measuring performance towards meeting its objectives in this area. For example, the following indicators involving student data might be used:

- # 1 Distribution of Entering Grade Averages;
- # 13 Student Retention, Attrition, and Progress Towards Degree;
- # 17 Time to Graduation.

**IT IS RECOMMENDED** that the governing body approve the university's general policies on admissions and receive an annual report on admissions standards and their application sufficient to enable it to monitor how these standards and practices are serving to fulfil the institution's mission statement and academic plan.

### **5.5.2 Quality of Undergraduate and Graduate Programs**

Quality can and should be assessed at the level of the program itself. Many institutions conduct assessments of their academic programs. These assessments are in addition to the evaluations conducted by OCGS on graduate programs, the reviews of new undergraduate and professional programs undertaken by OCUA and those performed by the various accrediting agencies. It is essential that the governing body be knowledgeable about these procedures and fully informed of the results of all these evaluations. This information should be factored into the regular review of the institution's academic and financial plans.

#### **5.5.2.1 Quality of Undergraduate Programs**

Today there is a great deal of interest in the quality of undergraduate programs. A decade of constrained funding has produced effects that are perceived as lowering quality -- fewer course offerings, larger class sizes, fewer written assignments and laboratory sessions, increased student/faculty ratios, etc. This has raised questions about whether undergraduate instruction has suffered unduly, while graduate programs and research have been protected.

Universities need to address this issue directly, by explaining more clearly the relationship between teaching and research, in particular the synergy that develops when research stimulates

teaching. They also need to explain more clearly how priorities are established between research and undergraduate and professional programs, and do so in terms of the institution's mission statement. Some universities place a higher priority on research than do others because of the mission they have adopted. This needs to be clearly explained; so too do its implications for academic planning and budgeting.

The institution's academic and financial planning should embody its commitment to undergraduate education in the light of its mission statement. Policies and procedures approved by the governing body should be in place to ensure that this commitment is being fulfilled. They should cover how the institution assesses quality and what procedures are in place to do this. Consideration should be given to the use of the following indicators:

- # 8 Library Resources per Student;
- # 11 Percentage of Students Holding Scholarly Awards;
- # 18 Percentage of Faculty with Doctorate or Equivalent Senior Credential;
- # 21 Balance of Full-time and Part-time Instruction;
- # 23 Instructional Load: # 23a, Teacher Student Ratio; and  
# 23b, Student Contact Hours;
- # 24 Allocation of Resources.

The governing body should receive reports on the results of academic undergraduate program reviews undertaken by the institution itself and those undertaken by OCUA. These should include reports on the system-wide assessment of undergraduate program quality being proposed by OCUA referred to in Section 2.1. All reports should include information about any weaknesses or deficiencies which were identified and the steps being taken to remedy these. While the use of performance indicators can assist in measuring effectiveness, program reviews are likely to prove to be much better measures of how well universities are fulfilling their missions.

**IT IS RECOMMENDED** that the governing body receive a report on the results of all undergraduate program reviews, including those undertaken by the institution itself, an outside agency such as the Ontario Council on University Affairs, or an accrediting agency; and that these reports include any deficiencies identified and the steps being taken to remedy them.

#### **5.5.2.2      Quality of Graduate Programs**

Similarly, governing bodies should receive reports on the results of all reviews of graduate programs, those undertaken by the institution itself, program appraisals performed by OCGS and reviews undertaken by external accrediting agencies. These reports should include information about any weaknesses that were found and the steps being undertaken to correct these weaknesses.

Governing bodies also should have policies and procedures in place to assess the quality of graduate programs. In developing these, consideration should be given to employing the six

performance indicators cited above in Section 5.5.2.1, since they can be applied to graduate programs as well, and to adding one:

- # 23c      Graduate Thesis Supervision.

**IT IS RECOMMENDED** that the governing body receive a report on the results of all graduate program reviews, including those undertaken by the institution itself, an outside agency such as the Ontario Council on Graduate Studies, or an accrediting agency; and that these reports include any deficiencies identified and the steps being taken to remedy them.

### **5.5.3      Research**

Research is an essential part of the basic mandate of every institution of higher learning and is included in the mission statements of all universities. Some universities, in particular those with large graduate programs, place a higher priority on research than do others. This should be clearly stated in the institution's mission statement and the implications spelled out in its academic and financial plans. There should be policies and procedures in place covering all aspects of the university research enterprise. These should be approved by the governing body and monitored by it.

Indicators that might be employed to assist in measuring progress include:

- # 24      Allocation of Resources
- # 22      Academic Staff on Research Leave

The measurement of research performance might be assisted by use of other relevant indicators:

- # 3      Research Grants per Professor;
- # 4      Research Yield;
- # 5      Research Grants as a Percentage of Operating Revenue;
- # 6      Research Contracts as a Percentage of Operating Revenue;
- # 10      Percentage of Faculty Holding Scholarly Awards.

The Task Force makes a recommendation on research in Section 5.9.

### **5.5.4      Terms and Conditions of Academic Appointment**

Among the major accountability issues raised with the Task Force are two that relate to the terms and conditions of appointment of academics -- the provision of tenure and the practice of providing research leave (sabbatical leave). Both are readily accepted by the university community and defended as providing essential conditions for the protection of academic freedom (tenure) and for the maintenance of high quality academic programs (sabbatical leave). Outside the university, however, the views are somewhat different. Some regard tenure as an unnecessary protection too often provided non-productive faculty and sabbaticals as paid vacations from teaching. The Task Force rejects these criticisms.

However, it thinks that universities should make greater efforts to deal with such misperceptions about tenure and research leave. Each university should have in place, and be seen to have in place, clear policies and procedures covering the awarding of tenure, the granting of research leave, and the regular review of the performance of all members of academic staff. The governing body should formally approve these policies. However, for accountability purposes approval is not sufficient; there should also be monitoring. The governing body should be satisfied that these policies and procedures are being applied uniformly across all academic units, and that they are achieving their stated purposes.

To enable them to exercise this monitoring responsibility, the governing body should receive regular annual reports on the results of tenure reviews, research leaves and performance reviews of academic staff. These reports should be sufficiently detailed to enable the governing body to evaluate how uniformly policies and procedures are being applied and whether they are effective in promoting their objectives. For example, in the matter of research leave the governing body should receive annually from the president or other appropriate senior administrative officer a report of research leaves granted to faculty. These reports should provide information on the mechanism used to approve leaves and on how the results of a leave are assessed; whether all leaves granted were approved by the relevant administrative officer; whether all faculty returning from leave filed a report on the use of that leave; and what steps were taken in the event that these requirements were not met.

The governing body should also be kept informed of the resource implications of institutional policies and practices covering tenure and research leave. The primary value of tenure and research leave lies in the academic area and this constitutes their fundamental justification. At the same time, tenure and research leave have resource implications. The governing body should understand what the financial implications are and see that these implications are factored into the institution's long-range financial planning. The following management indicators may be appropriate for this purpose:

# 7	Tenured Faculty:	# 7a: Percentage of Faculty Holding Tenure; and
		# 7b: Percentage of Eligible Faculty Receiving Tenure;
# 22	Academic Staff on Research Leave.	

In most Ontario universities, terms and conditions of appointment such as those described above, are matters negotiated between the university and faculty association. These negotiated agreements should include policies and practices referred to above. The governing body is party to the agreement; it has a responsibility to see that the terms are followed. If the policies and monitoring mechanisms covered by a formal agreement are judged to be in need of amendment to ensure appropriate accountability, it is the joint responsibility of the parties to the agreement to make the required amendments.

**IT IS RECOMMENDED** that the governing body approve university policies covering terms and conditions of academic appointment and monitor their application to ensure that they are being applied uniformly and are achieving their stated purposes, and see that the resource implications of these policies are factored into the institution's long-range financial planning.

## **5.6 Finance and Budgeting**

As major institutions in our society Ontario universities receive large amounts of public funding. Taken together they constitute a billion dollar industry. Government, the public, and the university community itself have a legitimate interest in knowing how the universities spend their revenues; whether these funds are being used for the purposes for which they were intended; and whether they are being managed in an economical and efficient manner. Universities ought to have in place, and be seen to have in place, proper processes for budget planning, good management and control, and appropriate reporting systems to account for expenditures. They must be in a position to explain how they develop, approve and allocate their capital and operating budgets, and how they manage and review them.

In this Section the Task Force examines several matters affecting finances and budgeting and proposes ways in which Ontario universities can demonstrate more clearly how they exercise accountability for the revenues they receive. No major shortcomings in this significant accountability area have been identified, with the possible exception in some institutions of the degree of openness in their budget process. However, the universities need to be perceived as fully accountable. Accordingly, once again the emphasis is on the development of clearly established accountability procedures and appropriate reporting mechanisms.

### **5.6.1 Budget and Deficit Control**

In our visits to institutions, members of the Task Force heard criticism from some of the internal stakeholder groups about the way in which operating budgets were developed. Given the current stringent financial circumstances of the institutions, in which budget-making is often at best a zero-sum game and frequently involves reductions in expenditure, this is not surprising. When competition is fierce among the various budget centres and difficult decisions have to be made, increased interest in the process is to be expected. So too is criticism, if the process is perceived as one that fails to meet the criterion of transparency.

The budget process in Ontario universities should be broadly consultative and open. While ultimate approval of the budget rests with the governing body, as does responsibility for the overall monitoring of the budget once approved, senate should be provided with the essential elements of the institution's operating budget in draft form and given a meaningful opportunity to comment. The comments of senate on the academic implications of the budget are valuable; it is also helpful when that body gains a sense of "ownership" of the budget.

Once the budget is approved, regular reports throughout the year should be provided to the governing body on how the finances are being managed. These reports should include comparisons of actual revenues and expenditures with the budget as approved, explanations of major variances, and forecasts of year-end results.

There should be a clear policy on budget controls. The locus of responsibility for each section of the operating budget should be stated and include designation of the officers authorized to approve expenditures and budget overruns.

Each institution should also have a formal policy on deficits approved by the governing body. The policy should take into account the institution's endowment and assets that have a value different from the amount recorded on the books. It should establish a limit on an operating deficit and indicate at what point a plan must be formulated to retire an incurred deficit. Such a policy would assist in meeting the recommendation of the Standing Committee on Public Accounts that the Ministry analyze universities' financial statements and prepare recommendations to avoid unnecessary deficits and the need for special funding.<sup>39</sup> Surpluses that occur should be taken into account in succeeding operating budgets.

**IT IS RECOMMENDED that each university undertake the development of its operating budget in an open manner involving broad consultation with the major internal constituencies, in particular the senate; that the governing body receive regular reports showing actual results as compared to the budget; and that there be a formal policy on deficits.**

#### **5.6.2 Fees**

Under their charters, Ontario universities have the right to establish their own fees. In practice, however, this right is limited. Tuition fees are regulated by government for all students claimed under the operating grants formula. In addition, the government controls a number of other fees. Accountability for revenue derived from these fees is covered by Ministry regulations. Universities retain discretion over some academic fees. For example, they are free to set tuition fees for programs and for non-credit courses for which no formula grants are claimed.

Universities also retain discretion over fees for certain ancillary services, for example, residence fees, fees for health services, athletic fees, meal prices and various other services. Decisions on these discretionary fees should be made only after a public process that provides an opportunity for input from the primary users of these services, who are generally, but not always, students. The costs covered by such fees, the disposition of surpluses and the handling of deficits should be clearly stated. Some fees are determined annually. Others, such as meal prices, may involve multi-year contracts. Some, such as residence fees, include the amortization costs of major capital investments. Accountability requirements vary accordingly. It is the responsibility of the governing body to ensure that all such fees are established only after an appropriate consultation with the principal user groups.

**IT IS RECOMMENDED that the governing body of each university ensure that decisions concerning ancillary service fees over which the institution has discretion are made only after a public consultation process involving the principal user groups. A clear statement of what is covered by each fee, and the disposition of surpluses and handling of deficits, should be made available as appropriate.**

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<sup>39</sup> See Appendix A.

### **5.6.3      Financial Statements and Reports**

Financial reporting plays an important role in institutional accountability. All institutions currently provide a good deal of accountability through various forms of financial reporting. Each publishes an annual audited statement; each provides data for publication in the annual COFO-UO report. The annual reports of the institutions contain information about finances. Most universities provide other financial information from time to time. There is a plethora of information about university financing. Much of it, however, is not presented in readily readable form. There is little standardization of the reports among institutions.

The Task Force urges the universities to develop financial summaries that are clear, concise and current. These summaries should be presented in a form that allows easy comparison with more detailed institutional budget information. Insofar as is possible, they should be prepared in a format using common definitions that allow inter-institutional comparisons. Provision of such summaries will go a long way to meeting the need to appear more open about finances.

Fund accounting is employed by institutions in the not-for-profit sector, such as hospitals and universities. However, it is not otherwise in common use. Many persons who are experienced in reading financial statements of private sector businesses, including members of university governing bodies, do not fully understand this method. Given its significance in university accounting, it is particularly important that all members of governing bodies and others directly concerned with university financial accountability be provided with information about fund accounting, so that they will be able to understand the financial statements and reports provided to them.

**IT IS RECOMMENDED** that, in addition to publishing and making generally available its annual audited financial statements, each university publish an annual summary of its operating results and financial position. The Council of Ontario Universities should develop a format for such reports that would make them understandable to a reasonably knowledgeable person who may not be familiar with fund accounting.

**IT IS RECOMMENDED** that each university brief new members of the governing body on the meaning and significance of fund accounting in reporting on finances.

### **5.6.4      Auditing**

Each institution should have an audit committee composed of not less than three members of the governing body, the majority of whom should be external members. No officer of the institution should serve as a member of this committee. The audit committee should be responsible for recommending to the governing body on the appointment of the external auditor, and for reporting regularly to the governing body, not less than once a year, on all audit matters. The audit committee should meet privately with the external auditor at least once a year during the conduct of the audit.

The external auditor should have access to all data and information relevant to the conduct of the external audit, and have direct access to the audit committee at any time.

Provision should be made to carry out regular internal audits. These audits should cover all areas of university activity, including research grants and contracts, gifts and bequests. Regulations covering internal audits should be common across all budget areas and include all funds provided to the institution for the conduct of instruction and research. The internal auditor should have direct access to the president and at least annually should meet privately with the audit committee. If, for considerations of cost-effectiveness, the institution does not have an internal auditor, at the discretion of the audit committee the external auditor should be given extended powers to undertake this function.

The Task Force makes no recommendation in this Section since our comments are basically a fine tuning of practices the institutions are already following.

#### **5.6.5 Provincial Auditor**

As noted in Section 1.2.1, in his report on the inspection audits of three universities, the Provincial Auditor complained that he had been allowed to examine only expenditures from operating funds and some capital fund items, but that operating surpluses transferred out of the operating fund were held to be beyond the scope of his audit. This restriction on the powers of the Provincial Auditor was based on a legal opinion obtained by COU that inspection audits should be limited to grant payments received by the university and to an examination of the university's own accounting records. The Standing Committee on Public Accounts recommended that, "the Ministry shall require that universities submit a detailed report to the Ministry on the use of government funds transferred to a restricted fund".<sup>40</sup>

During the consultation phase the Task Force received a number of suggestions that this restriction on the powers of the Provincial Auditor be removed. Acting on legal advice, the University of Toronto had enforced this limitation during the 1990 inspection audit. In our meeting with the University of Toronto, the President stated that his institution would not now oppose amending the *Audit Act* to extend the powers of the Provincial Auditor to audit operating funds transferred to restricted accounts. The Task Force favours such a change. It will satisfy one of the concerns of the Provincial Auditor and the Standing Committee on Public Accounts.

**IT IS RECOMMENDED** that the Provincial Auditor be given authority to conduct inspection audits of all funds provided by the Government of Ontario for operating purposes, whether employed directly for these purposes or transferred to other accounts, and that this additional authority be granted preferably through a protocol with the institution.

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<sup>40</sup> See Appendix A.

## **5.7 Management of Capital Budgets and Physical Assets**

A major responsibility of the governing body is to see that the value of the physical assets of the university is protected. These assets, which include land, buildings and other holdings, library holdings, laboratory equipment and the vast array of items included in the institutional inventories, are essential components affecting the institution's operating effectiveness. Meeting this responsibility requires the governing body to pay due attention to capital budgets, maintenance and renewal programs, and inventory controls.

### **5.7.1 Capital Budgets**

The governing body should approve the institution's capital plan. This plan should include the institution's capital spending priorities, both those funded privately and those included in capital requests to government. The governing body should also approve the institution's annual capital budget. Capital grants received from the provincial government and other funds received and spent for capital purposes should be reviewed at least annually and explanations provided for major variances from the budget. The operating budget should also indicate the long-term operating costs of the capital additions and how these costs are to be funded. The governing body should ensure that operating funds are not transferred inappropriately to capital projects.

Each institution should have in place a system of controls covering all capital expenditures. The governing body should approve this system and be provided with regular reports sufficient to enable it to be satisfied that expenditures on all capital projects are under control.

### **5.7.2 Management of Physical Assets**

#### **5.7.2.1 Maintenance and Renewal of Assets**

Since the governing body is responsible for the physical assets of the institution, it has a duty to see that all the institution's assets are well managed. This requires that the institution have in place an adequate maintenance program for buildings and other physical facilities, and for its major academic assets -- library holdings and laboratory equipment. A list of the institution's land holdings, including those which are undeveloped, should be maintained.

In its campus visits, the Task Force heard frequently about the growing costs related to deferred maintenance, about aging physical plants and about severe reductions in expenditure on library holdings and laboratory equipment. Over the past decade of increasing financial restraint, expenditures on the maintenance of buildings and grounds, and on library holdings and laboratory equipment have been sharply curtailed. As a result, estimates of the costs have sky-rocketed to address deferred maintenance, to repair and renovate aging physical plant, and to replace obsolete equipment and replenish library holdings. In most institutions these costs are now at very high levels. The longer they are deferred, the larger they will become. Members of the governing body should be aware of the cost of decisions to defer maintenance and renewal. These costs represent a charge against the future; they should be taken into account when decisions are made on priorities for current expenditures.

Each institution should have an up-to-date and realistic assessment of the costs of deferred maintenance and renewal, including physical plant, library holdings and laboratory equipment. These deferred costs should be brought to the attention of the governing body annually during the budget process.

**IT IS RECOMMENDED** that each university have a current assessment of the costs of deferred maintenance and renewal, and that the governing body take these costs into account when reviewing the institution's financial plans and when approving the annual operating and capital budgets.

#### **5.7.2.2 Inventory Controls**

University inventory control systems should reflect the nature of these institutions as dedicated to higher learning. Physical assets in universities are intended for use by large numbers of faculty and students who act largely independently in the pursuit of learning. The kinds of inventory control appropriate to industry or business are not appropriate to a university. In addition, as noted in Section 3.2.4, inventory controls appropriate to these latter types of organization may not be cost effective in a university setting.

The Task Force agrees in principle with the recommendation of the Standing Committee on Public Accounts that guidelines should be established for the development of a cost-effective decentralized system of inventory controls for university physical assets<sup>41</sup>. It prefers, however, that the universities themselves develop such a system.

**IT IS RECOMMENDED** that the Council of Ontario Universities be asked to develop an appropriate system of inventory controls for the physical assets of Ontario universities.

#### **5.7.2.3 Insurance**

All universities should carry adequate insurance, including fidelity insurance, and review their coverage regularly. These reviews should cover changes in levels of coverage and claims experience, and include both policies held with outside carriers and provisions for self-insurance. The governing body should receive annual reports on insurance in sufficient detail to enable it to assess the adequacy of coverage and premium costs.

The Task Force makes no recommendation about insurance since it appears that governing bodies are informed and acting appropriately about these matters.

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<sup>41</sup> See Appendix A.

## 5.8 Endowment and Other Restricted Funds

All universities receive funds by way of gifts, donations and endowments. In many cases, the monies are provided for specific purposes. Proper accountability requires that these funds be recorded in ways that make possible the determination that they are being used for the purposes for which they have been given, and to the extent required that they are being used efficiently and effectively. This implies the existence of appropriate management and control systems for such funds, and regular reporting. Again, ultimate responsibility rests with the governing body.

University development programs should be integrated into the institution's long-range financial planning and approved by the governing body. Regular reporting on institutional development programs should include reports on the cost of fund-raising. One suggested indicator to assist in measuring success of development and other fund-raising programs is

### # 12 Percentage of Living Alumni Making Gifts

All universities should have investment policies approved by the governing body and this body should receive regular reports on investment performance and on the uses to which investment income is being put. If the university uses external investment advisors, these advisors should meet at least annually with the appropriate committee of the governing body. In all cases, it is the responsibility of the governing body, through one of its committees as judged appropriate, to monitor these activities and to be satisfied with institutional performance.

Since the universities generally appear to have appropriate policies and procedures in place covering investment and expenditures related to endowment and other restricted funds, the Task Force makes no formal recommendation in this Section.

The Task Force has recommended (See Section 4.4.8) that members of governing bodies be familiar with legislation and laws of particular importance to them in the discharge of their responsibilities. Included in this category should be legislation related to the Office of the Public Trustee, the *University Foundations Act* and other charities laws.

## 5.9 Research Funding/Contract Research

Governing bodies are accountable for research conducted in the university. All university research should be of high quality and congruent with the institution's mission statement. Much university research is funded from grants; some is financed by contract. Normally, research grants are applied for by individual academics or groups of academics and the institution supports the application. When a grant is awarded, it is made to the individual researcher or research group and the funds are administered by the institution. The institution is accountable for all these funds. Policies should be in place to cover the administration of research grants, including appropriate supervision of the uses to which these funds are put. Accountability extends to funds provided to Centres of Excellence, which may involve several institutions and include funding coming both from government and the participating institutions. When research grants are used

to cover the cost of research assistants and other personnel and to purchase equipment, as often they are, institutional personnel and purchasing policies must apply.

The university should also have policies and procedures covering contract research. Institutional personnel and purchasing policies should apply here too. In addition, limits on the kind of permissible contract research and on the amount of time an academic with responsibility for instruction may devote to contract research should be clearly spelled out and applied uniformly.

Most university research involves overhead costs to the institution. The university should have a policy covering overhead costs. This policy should be applied uniformly across the institution and its application monitored.

It is the responsibility of the governing body to see that proper policies and procedures covering all research are in place, and to monitor them. Members of the governing body should receive regular reports on the administration of all research funds and on contract research being undertaken in the institution. If a research granting agency or contractor conducts its own audit, the results should be reported to the audit committee.

In addition, the university should have policies covering ethics in research, the ownership of research results and the publication of these results. These policies should cover the rights of creators to intellectual property, patents and copyright. As well as approving these, the governing body should receive regular reports on their application.

Most universities have policies covering research matters. Generally speaking, the governing bodies have been involved in their development and the approval of them. But there is little evidence that they exercise any regular monitoring function with respect to them. This aspect of accountability needs strengthening.

**IT IS RECOMMENDED** that the governing body of each institution monitor all institutional research policies and practices to ensure that they are consistent with the university's mission statement and academic plan.

## 5.10 Human Resources

Universities are accountable for their personnel policies and practices. As with any enterprise, legislation covering employment equity, pay equity, occupational health and safety, employment standards and other such matters must be followed and be seen to be followed. Additionally, as centres of learning and as recipients of large amounts of public funding, there is an expectation that universities will be in the forefront of institutions implementing new policies. It is the function of the central administration to develop the appropriate policies and regulations, and to see that they are being uniformly applied. Some of these are covered in agreements negotiated with faculty and staff. The governing body ought not to manage. However, it has the responsibility to understand what these policies imply; to approve them; and to monitor their application.

As previously mentioned (See Section 5.5.4), universities should have clearly stated terms and conditions of appointment for academic staff both approved and monitored by the governing body. There should be corresponding terms and conditions of appointment covering all non-academic staff who are both a valuable asset of the institution and a significant stakeholder group. Governing body monitoring of the application of these policies and practices should include reviews of whether both groups of employees are being dealt with equitably. The Task Force heard comments from a number of representatives of staff associations that the needs of their members were not as well understood or as fully addressed as were those of faculty. The majority of staff with whom the Task Force consulted agreed that they enjoyed their jobs. However, four major areas of concern were identified to the Task Force. All are management matters for which the administration bears operating responsibility.

The first area of concern involved the lack of formal management training and/or experience of many supervisors. The major reason for promotion appears to be academic excellence. Although the Task Force believes that potential supervisors should have appropriate prior administrative and management experience, it recognizes that this is not always possible. Therefore, supervisors and managers without previous relevant management experience should participate in appropriate courses and seminars, as well as be provided with support from more experienced colleagues and central administration. Institutions should also provide for a regular review of their administrative procedures and practices.

Staff also spoke of insufficient release time to enable them to participate in institutional activities. In the climate of greater openness and participation and in recognition of their value, staff are more often requested by senior management to undertake various activities and to serve on various committees and task forces. However, according to presentations made to the Task Force, while their immediate supervisors may accede to a request to participate, they often specified that participation was permissible only if the employee's regular job activities were not affected. While understandable in the current climate of reduced staffing levels and lack of money to provide for replacement staff, the position of the staff member in such a situation is untenable. Management, both at the executive and the immediate supervisory levels, must recognize this paradox and take the appropriate actions to address it.

A third issue involved opportunities for further training and development to upgrade skills. Because universities are organized in a very decentralized way with many distinct units, there is little incentive for individual units -- departments and faculties -- to encourage their staff to qualify for better positions elsewhere in the institution. While this may be somewhat cost effective in the short-term, in the longer term the institution is likely to suffer as a result of such short-sightedness. Specific steps should be taken to ensure that staff members are treated as a corporate resource, not one that belongs exclusively to the single unit -- department or faculty -- and given opportunity to advance their careers within the institution.

The last issue concerned matters related to occupational health and safety. While it affects all members of the university community, members of the support staff raised this matter with the Task Force. The majority of the support staff with whom we spoke stressed that in these times of constrained funding they recognized that less than optimal working conditions may sometimes exist. However, they expressed concern about unsafe or substandard conditions due to the

presence of pollutants or to the physical deterioration of buildings, e.g., asbestos, inadequate ventilation, over/under heating, leaky roofs and ceilings and blocked exits. Employees noted that, although the specific problem was indicated to their supervisor, often no action was taken until the initial complaint was escalated to a "grievance". Central administration should make it clear that health threats are unacceptable and that remedial action is a priority when budgets are set. A more centralized approach to these issues might alleviate this type of problem.

**IT IS RECOMMENDED** that the governing body of each university ensure that policies are in place and being adhered to on the following matters:

- a) all persons holding a position with administrative or managerial responsibilities should possess the skills requisite for satisfactory performance. Persons lacking these skills should be provided with the necessary training;
- b) all staff serving on committees and other groups involved in work on behalf of the institution should be provided with release time and reduction in work load sufficient to enable them to perform this function effectively;
- c) staff training and development programs should be coordinated and uniform conditions for career development of staff provided; and
- d) all legitimate concerns affecting occupational health and safety should be dealt with promptly and effectively.

Included among the terms and conditions of appointment of staff are provisions for employee groups to negotiate salaries, benefits and other conditions of employment. Satisfactory procedures should be in place to cover these negotiations, which include meeting the requirements of relevant labour legislation. The meaning and implications of these procedures, in particular their impact on the institution's budget and financial plans, should be clearly understood by the governing body. Again, while the central management is responsible for the development and implementation of relevant procedures, the governing body is responsible for their approval and for monitoring their application.

The university's retirement plan is a major element in the institution's employee benefits package and represents a particular charge on accountability. While different universities deal with pensions in different ways, in all cases representatives of the affected employee groups should be involved in determining changes to existing provisions in the retirement plan and included as members of the committee which manages the funds.

The governing body or one of its committees as appropriate should receive annually a report on the status of the institution's retirement plan and receive the results of a full actuarial review on at least a three to five year cycle. It should also review regularly the full range of staff benefits.

Since generally speaking, governing bodies are well involved in overseeing pension matters of the institutions, the Task Force makes no recommendation on this subject.

### **5.11 Community Relations**

While universities remain institutions of higher learning, they are no longer ivory towers. They are open to all qualified students; their various activities have a major impact on the community in which they are located. In smaller communities universities are frequently the largest employer and constitute a substantial economic factor. As well, they are a community resource and provide much of the community's educational, social and cultural leadership. Universities are expected to be good corporate citizens and to be responsive to the community. This requirement of responsiveness is a form of accountability in the broader meaning of that term.

Generally speaking, universities are expected to provide access for qualified members of the local community seeking a university education. This covers the needs of persons proceeding to university directly from secondary school and of mature students looking to attend university on a full or part-time basis. Universities respond by providing programs and courses geared to the needs of part-time students; by providing counselling and other student support services for mature students; and in a few instances by making special arrangements to foster local accessibility. Consideration of the university's local community responsibilities should be part of the institution's mission statement and related academic and financial plans. Special efforts should be undertaken to explain clearly to the members of the local community the academic role the university sees for itself in the community and how this role affects local accessibility.

The university can be responsive to its local community in other ways. Cultural, social, athletic and other events sponsored by the university should endeavour to take community interests into account. When members of the community feel free to participate in such events, they are more likely to see the institution as "their" university. The operation of university residences, food services, bookstores and other business enterprises are sometimes viewed by members of the local business community as representing unfair competition. The institution should have policies and procedures covering this matter and make every effort to explain their rationale. Similarly, the consulting activities of members of university staff, especially when they involve the use of institutional facilities, are sometimes criticized as constituting unfair competition. The university should have clear policies covering the use of institutional facilities for such purposes and the governing body should monitor their application. These policies should be public.

In its relations with the community, the university must always endeavour to present a human face; to be open to the community and responsive to its needs. Good relationships between the university and the community can be fostered in a variety of ways. These often take the form of establishing close relations with community leaders and with members of the local media. Full reporting of basic governance activities in easy-to-understand formats is one of the essential means of maintaining good community relations. The governing body might consider inviting the institution's communications department to undertake an audit of what is presently being done with regard to community relations and general public/media relations, and what improvements could be made. A committee on community relations composed of leading citizens from the local community can be extremely valuable.

**IT IS RECOMMENDED** that those universities which do not already have an advisory committee on community relations composed of members of the local community consider establishing one.

**CHAPTER 6****AN EXTERNAL MONITORING BODY**

The approach to university accountability taken by the Task Force emphasizes a strengthened institutional accountability framework for which the governing body is responsible. The analysis and recommendations in Chapters 4 and 5 have been focused on the institution, which the Task Force considers to be the primary locus of a strengthened accountability. But strengthening the accountability framework of individual institutions will not by itself fully achieve the kind of university accountability the Task Force considers necessary. A strong institutional accountability framework needs to be balanced by an appropriate external agency to monitor how well the institutions are meeting their accountability responsibilities and to report on this. The judgments of such an agency will lend credibility to the institutions' reports on performance and will help address the communication or perception issue referred to frequently in this Report. It will act as an agent of change assisting institutions in their pursuit of accountability by proposing improvements in the framework and encouraging them to persevere in their efforts. It will also be in a position to recognize "best practice" and to disseminate such information.

In the *Progress Report and Issues Paper*, the Task Force proposed for consideration that an external body be given responsibility for monitoring how the universities were managing their accountability frameworks and suggested that OCUA might be given this task. These proposals were the subject of lively discussion during our consultations. Most with whom the Task Force consulted understood and accepted the need for such a body. A few disagreed, arguing that existing agencies are dealing effectively with the requirements for accountability and nothing more is needed. Among those who thought that there was need for strengthening the external sector, some proposed strengthening the role of the Ministry of Education and Training; some the role of the Provincial Auditor. Some thought that the powers of both should be strengthened. Those who opposed the establishment of a new body expressed concern that its existence would further erode institutional autonomy for an insufficient reason. It was also argued that such an agency would create a further layer of bureaucracy and involve unnecessary expense. Some who supported the notion of an external monitoring body opposed giving the assignment to OCUA for reasons noted below in Section 6.1.

### **6.1 A New Body**

The Task Force has reflected carefully on these matters and reviewed the various options. In the end, it has concluded that an external agency separate both from government and the universities is needed to monitor accountability.

An agency separate from government would be in keeping with the legal status of Ontario universities as autonomous institutions, not crown agencies. It would also be in keeping with the practice that has evolved covering the relations between universities and government through an intermediate body. The Task Force accepts that the accountability responsibilities of the Ministry for the universities needs to be further clarified and strengthened, and placed in a proper legislative framework. It also accepts that the Provincial Auditor will continue to have authority to conduct inspection audits of universities, and has recommended that the scope of these audits be somewhat expanded (See Section 5.6.5). The proposed new body would report to the Minister

and to the universities. Its reports would be available to the Office of the Provincial Auditor and the Standing Committee on Public Accounts.

OCUA might be given this responsibility. It is an arms-length body standing between the universities and government; it already performs some accountability functions and is proposing to undertake more.

Two criticisms were advanced when this suggestion was made by the Task Force. It was argued that OCUA is viewed by some, especially in government, as an advocate of the universities and therefore would not be perceived as sufficiently independent to serve this review function. The Task Force rejects this argument. While there has been criticism of OCUA as favouring universities, there has also been criticism that it is insufficiently supportive of universities. Such criticisms taken together indicate that the council is acting as a true buffer body and draws criticism from both sides. On balance, OCUA appears to enjoy a good reputation for objectivity and fair-mindedness.

A second argument was that OCUA would be placed in a conflict of interest -- its responsibility to conduct accountability reviews would place it in a conflict of interest with its responsibility to advise government on the over-all level of funding to be provided Ontario universities. This is a more compelling argument.

Certainly, it is essential that the current functions of OCUA be kept entirely separate from this accountability function in order to avoid any real or perceived conflict of interest. This argues for a body that is independent from OCUA. The question then arises, might such a body be associated with OCUA and at the same time be independent? The existence of the Academic Advisory Committee provides an affirmative answer to this question. There is an important precedent here. Several years ago, in order to deal with matters which require academic expertise that were coming before it with increasing frequency, OCUA struck an Academic Advisory Committee. This committee reports to OCUA. It issues discussion papers through OCUA and makes formal recommendations to that council and through it to the Minister. It uses the services of the OCUA secretariat. Yet it is independent. This Academic Advisory Committee has its own members and chair; it conducts its own activities. While its reports go to OCUA, which is free to comment on them and to forward its own advice to the Minister, OCUA must forward these reports to the Minister as written.

The Task Force proposes the establishment of a new independent body modelled after the Academic Advisory Committee. Named the Accountability Review Committee, it would be established by government and associated with OCUA. It would have its own members and chair named by the Minister; it would conduct its own activities and prepare its own reports. These reports would be presented to the Minister through OCUA. OCUA would be free to comment on them, but not to alter them. Recommendations in reports of the Accountability Review Committee would be advice to the Minister. The reports would be published.

The creation of such an agency might decrease institutional autonomy somewhat; but such a reduction would be minimal. Indeed, it might enhance the credibility of institutional accountability frameworks and thereby provide a further bulwark to autonomy. Although the

agency would add to the bureaucratic process, with the exercise of due care this need not be an undue burden. Admittedly, there would be costs; but strengthening university accountability is bound to generate some additional expenditures. These, however, could be minimized if the agency were tailored to meet the needs of the university sector and employed personnel familiar with universities. Its location within OCUA would assist in keeping costs down.

**IT IS RECOMMENDED** that the Government of Ontario establish an Accountability Review Committee, located within the Ontario Council on University Affairs but independent from it, to monitor and report on the effectiveness of the accountability frameworks of Ontario universities.

## **6.2 Size and Composition**

The Accountability Review Committee should be small, consisting of from seven to nine members, all serving part-time. Members should be selected on the basis of expertise and experience. Persons with previous service on the governing body of a university, particularly former chairs, would make excellent members.

Persons currently holding office in a university, for example, a member of a governing body, an officer of the administration, the president of the faculty association, staff association, or students' associations would not be eligible.

The Accountability Review Committee should be provided by OCUA with a small secretariat staffed by experienced personnel familiar with Ontario universities.

**IT IS RECOMMENDED** that the Accountability Review Committee be composed of from seven to nine part-time members selected on the basis of expertise and experience, preferably with prior experience on university governing bodies, with a majority from outside universities.

## **6.3 Selection Procedures**

Members of the Accountability Review Committee should be appointed by the Lieutenant-Governor-in-Council from nominations proposed the Minister of Education and Training.

**IT IS RECOMMENDED** that members of the Accountability Review Committee be appointed by the Lieutenant-Governor-in-Council after nomination by the Minister of Education and Training.

## **6.4 Functions**

The principle task of the Accountability Review Committee would be to attest to the credibility of the accountability frameworks in place in the universities. This would be accomplished by two principal means: reviews of institutional reports on accountability and the committee's own reviews of universities.

The Task Force proposes that each university issue bi-annually an accountability report summarizing what has been accomplished during this two-year period in implementing its accountability framework. The Accountability Review Committee would conduct regular reviews of these institutional reports; this would constitute a "desk" review of how the universities were performing. In addition, the Accountability Review Committee would undertake its own "on-site" reviews. These would be conducted annually on a schedule to ensure that each university would be reviewed on a seven-year cycle.

The on-site review process would focus on the effectiveness of the accountability procedures employed by the university, and on the effectiveness of the governing body in monitoring these procedures and reporting on the results. The process could be coordinated with the proposed OCUA appraisal process for undergraduate programs and with the OCGS graduate program appraisal process. The peer review model would be employed. Reviews would be undertaken by a small team of external expert assessors, perhaps four, chaired by a member of the Committee. It is suggested that the procedures employed by OCGS in its graduate program appraisal program could serve as the model. A draft report would be provided to the university for comment; the final report would be published.

Initially at least, these reviews should be formative, intended to identify areas of weakness in the institution's accountability framework and practices, and to encourage improvement. The Task Force proposes that this purpose govern the first cycle, and the process reviewed prior to completion of the first cycle. In the first cycle, the Accountability Review Committee should review its operating procedures to satisfy itself that it is acting as an independent agency in the discharge of its monitoring responsibilities.

An annual report of the activities of the Accountability Review Committee would be submitted to the Ministry through OCUA and become a public document. During the first cycle of desk and on-site reviews the Accountability Review Committee would be expected to identify and publicize what is found to be "best practice."

**IT IS RECOMMENDED** that each university submit a bi-annual accountability report to the Accountability Review Committee summarizing the application of its accountability framework on institutional activities over the preceding two years.

**IT IS RECOMMENDED** that the Accountability Review Committee conduct on-site accountability reviews of each Ontario university on a seven-year cycle.

**IT IS RECOMMENDED** that the Accountability Review Committee report annually to the Minister on its activities attaching reports of its individual on-site reviews.

## 6.5 Financing

The terms of reference of the Task Force call for it to identify the costs that would be incurred in implementing a strengthened university accountability framework. Although the Task Force has not undertaken a detailed cost analysis, it considers that its proposed framework could be implemented without large additional costs.

There are basically two elements of cost -- those incurred at the institutional level in improving and reporting on the accountability process, for example, providing additional secretariat support and orientation to members of governing bodies, and those related to the Accountability Review Committee. In connection with the first, the Task Force notes that some institutions already have most of the suggested mechanisms in place. These institutions should incur little additional costs. Institutions requiring greater improvement in their accountability practices will have some additional costs. Such expenditures should be considered as part of normal operating costs and included in annual operating budgets.

The cost of operating the Accountability Review Committee will represent an additional expenditure. However, based on the recommendation of a committee composed of part-time members, a desk review of bi-annual accountability reports, a seven-year cycle of on-site reviews, an annual report to the Minister and a close association with OCUA, we would estimate an annual cost of between \$250,000 and \$300,000. This would amount to less than one-sixtieth of one percent of the value of direct provincial grants to Ontario universities, not a high price to pay for strengthened accountability. These costs should be borne by government and specific provisions made to cover them, preferably in the allocation provided the Ministry of Education and Training.

**IT IS RECOMMENDED that the Government of Ontario provide funding for the establishment and on-going operations of the Accountability Review Committee to monitor accountability in Ontario universities.**

## 6.6 Time Frame

The terms of reference of the Task Force ask that it include a time frame in any strategy for implementing its proposed accountability framework. Were the Accountability Review Committee to be assigned this proposed review function as recommended, it could likely begin the task as soon as members were appointed. Because of its association with OCUA, such a committee would have a short learning curve. It could be up and running quickly and produce early results. Another agency would require more lead time to master the basics before being in a position to undertake the reviews. The Task Force proposes that the Accountability Review Committee begin a pilot review in the coming 1993-94 academic year and commence the first full institutional accountability review cycle not later than the 1994-95 year.

**IT IS RECOMMENDED that a pilot project for institutional accountability reviews be undertaken by the Accountability Review Committee in the 1993-94 academic year.**

## **CONCLUDING REMARKS**

The addition of an independent, external monitoring agency closes the accountability loop. The strengthened institutional accountability framework administered by the governing body is balanced and reinforced by an agency outside the universities, and standing between them and government, which monitors their performance. After careful consideration of the alternative major ways of improving accountability, the Task Force concluded that this combination should satisfy all of the requirements of accountability, in particular accountability for the public funding the universities receive. Our other proposals to strengthen accountability to the major internal university constituencies, to the broader community and to the public at large, by conducting operations in a more open way involving broad consultation, are complementary and complete the process. The Task Force considers its recommendations, taken together, to be both necessary and sufficient to provide the needed strengthening of university accountability.

This Report has focused on university accountability -- what Ontario universities should do to demonstrate that they are properly accountable to government and to the public whom they serve; to demonstrate that they use the public funds they receive economically and efficiently in fulfilment of their academic missions. It also deals with ways in which the universities can improve accountability to their own internal constituencies and to any communities they undertake in particular to serve. It could serve the interests of the Ministry and the Provincial Auditor.

It is certainly reasonable to hold universities accountable for the resources they receive. However, there are limits on universities achieving their individual missions which even an entirely satisfactory accountability framework cannot overcome. There is a level of overall funding below which even the most accountable institution will not be able to achieve its mission. An examination of this matter was beyond the terms of reference of this Task Force.



## **APPENDICES**

**APPENDIX A: Recommendations of the Standing Committee on Public Accounts**

Listed below are the recommendations made by the Standing Committee on Public Accounts in its *Report No. 1*, 1st Session, 35th Parliament, 40 Elizabeth II, (July 1991) concerning the Provincial Auditor's Reports on the university Inspection Audits. Some of these were within the Terms of Reference of the Task Force. The Section number or comment (in parentheses) following a recommendation indicates where the Task Force on University Accountability has addressed it in this Report.

9. Amendments to the *Audit Act* shall be introduced in the House, for first reading, by December 31, 1991 to provide the Provincial Auditor with the discretionary authority to perform value for money audits of any government agency and all transfer payment recipients. In the case of universities, this audit approach will help to address the management accountability of each university's administration, while at the same time respecting the academic autonomy of these institutions.
10. The Ministry of Colleges and Universities, in consultation with the universities, shall develop administrative guidelines for an enhanced management accountability mechanism, based on the principles of economy, efficiency and standards/procedures to measure effectiveness in universities. Through these management guidelines, the Ministry shall establish standards, for example, to assist universities in developing asset accounting records and to acquire supplies, equipment and services based on management principles. *(This recommendation [and others] was germane to the establishment of the Task Force on University Accountability.)*
11. The Ministry of Colleges and Universities shall report to the Committee within 12 months on initiatives proposed by the universities to clarify the accountability relationship between universities' administrators/boards of governors and the Ministry. *(This recommendation [and others] was germane to the establishment of the Task Force on University Accountability.)*
12. The Ministry of Colleges and Universities shall analyze the universities' financial statements and as necessary consult with the universities to prepare recommendations to avoid unnecessary deficit problems and the need for special funding. *(Section 5.6.1)*
13. The Ministry shall report to the Committee on the changes effective in 1991-92 to address enrolment reporting weaknesses and the new enrolment reporting guidelines for students in Honours or General Arts and Science programs, at the end of the 1992-93 enrolment reporting cycle. These reports shall be submitted to the Committee at the end of the 1991-92 period and at the end of the 1992-93 enrolment reporting period respectively.

14. The Ontario Operating Funds Distribution Manual shall be simplified with the objective of enhancing accountability in the allocation of operating grants to Ontario universities.
15. Correspondence and agreements between the Ministry and each university shall be properly documented in all instances. The Ministry shall be responsible for follow-up to ensure that universities comply with Ministry guidelines, regulations and procedures.
16. The Ministry shall develop guidelines, in consultation with the universities, to ensure that exceptions to payroll, purchasing and payment policies are reported and documented in all cases by the universities.
17. The Ministry of Colleges and Universities, in consultation with the universities, shall establish guidelines to assist universities in developing controls for the inventory and protection of assets. The type of assets and the cost of a decentralized asset inventory listing system shall be taken into account in developing a feasible asset accounting system. (*Section 5.7.2.2*)
18. The Ministry shall require that universities submit a detailed report to the Ministry on the use of government funds transferred to a restricted fund. Amendments to the *Audit Act* shall permit the Provincial Auditor to have access to restricted accounts through value for money audits. (*Section 5.6.5*)
19. The Ministry shall develop a policy requiring that universities submit an annual report and/or audit for all Operating Grants Targeted Programs.

**APPENDIX B: Terms of Reference and Membership****Terms of Reference**

Office of the Minister	<b>Ministry of Colleges and Universities</b>	(416) 325-4100	Mowat Block Queen's Park Toronto, Ontario M7A 1L2
Bureau du ministre	<b>Ministère des Collèges et Universités</b>		Édifice Mowat Queen's Park Toronto (Ontario) M7A 1L2

September 25, 1991

**MEMORANDUM TO:** Executive heads of provincially-assisted universities and related institutions

**COPIES TO:** COPUS, CUEW, Friends of Ontario Universities, OCGS

**FROM:** Richard Allen

**SUBJECT:** ESTABLISHMENT OF A TASK FORCE ON UNIVERSITY ACCOUNTABILITY

I am pleased to be writing to you to announce the establishment of a task force, broadly representative of the university community, to address the critical issue of the accountability relationship between universities and the public in Ontario.

A number of recent events have raised questions about the accountability relationship between universities and government in Ontario. Both the Provincial Auditor and the Standing Committee on Public Accounts have suggested that there does not presently exist an adequate system to provide public accountability for the nature of university activities and the expenditure of public funds.

Notwithstanding the accountability mechanisms currently in place, I share the concerns of many that there should be more effective mechanisms by which accountability to the public is clearly provided. The public requires assurance that universities are meeting their social, economic and cultural roles in Ontario society. Particularly in an environment of fiscal restraint, the public requires assurance that universities are making effective use of public funding in pursuing their organizational goals.

Accordingly, I am establishing the Task Force on University Accountability which will be charged with reviewing existing accountability mechanisms and developing a more comprehensive framework to define the future accountability relationship between universities and the public in Ontario. Attached to this letter is a document outlining this initiative in greater detail, including the terms of reference for the task force and its membership. I anticipate being in a position to confirm who will be appointed as chair of the task force in the near future. The task force is expected to initiate its work in early November; I am looking forward to its initial report, requested by June, 1992.

I am confident that the work of the task force will enable the development of a system of accountability which will respect the Ontario tradition of institutional autonomy, while meeting the public's need for better assurances of the contributions of universities to the province's social, economic and cultural needs, as well as the effective use of public funds.



Richard Allen  
Minister

ATT.

TASK FORCE ON UNIVERSITY ACCOUNTABILITY

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Issue:

There is a need to ensure that the appropriate framework is in place to provide for the clear accountability of Ontario's universities to the public.

Background:

Universities, as major contributors to the social, economic and cultural well-being of the province and as recipients of large sums of public funding, are in a somewhat unique position in terms of their relationships with government. The acts of the legislature which establish universities clearly articulate their legal autonomy by vesting in each board of governors the responsibility for the government, management and control of the university and its property, revenues, expenditures, business and affairs. At the same time, as creatures of the legislature, universities are accountable to the public for their activities and operations.

At present, there are a number of existing practices which provide accountability for some of the activities of universities. Such practices include annual financial and enrolment reporting, peer and disciplinary review of programs, faculty and research, and the external audits of universities. Notwithstanding the existence of these mechanisms, there are a variety of factors which, more recently, have brought the general issue of university accountability into the forefront.

The last few years have seen a growing general public awareness of and concern with levels of public expenditures, and how and where these expenditures are being directed. Hand in hand with this concern has been the growing focus on the degree to which accountability for government expenditures on publicly supported institutions is being achieved; to what extent can the public be confident that public monies are being spent effectively in a fashion that meets the public's needs?

Universities are not exempt from these examinations. Particularly in an era of fiscal restraint, there is stronger public interest in and concern about how universities are going about their business. Such concerns include whether the priorities of universities are consistent with the broad social and economic needs of the province, the quality of university

education and graduates, and the need for reassurance that universities are rigorous in their internal processes of evaluating and perhaps rethinking the management of their resources in changing economic and social climates.

The work of the Provincial Auditor over the past few years has raised more specifically a number of issues with regard to the public accountability of universities. In addition to specific concerns around issues such as enrolment reporting, and the security of physical assets, the Provincial Auditor has asked broader questions regarding the overall level of public accountability present under the status quo. Subsequently, these issues have been addressed in hearings held by the Public Accounts Committee last February; the resulting report of the Committee calls for new and additional mechanisms/systems by which universities would render more complete management and fiscal accountability to the public. Most recently, the Provincial Auditor has drafted a proposal to extend his auditing scope to allow value-for-money audits of transfer payment recipients, including universities, as a means of enhancing public accountability.

In addition, the accountability of universities to the public has been raised within the deliberations of the Ontario Council on University Affairs. OCUA has identified accountability as one of the primary issues to be discussed at the fall, 1991 hearings; in particular, Council will address the issue of a system of program review as a means of ensuring accountability for program quality. The Minister has indicated to OCUA his interest in having OCUA further explore the idea of program reviews with the appropriate institutions and organizations.

#### The Task Force:

The issue of university accountability is undoubtedly complex. While the various pieces of legislation establishing universities provide the context for public accountability, there are no clear and/or generally acknowledged lines or mechanisms by which that accountability is rendered to the public. And while it is acknowledged that there are a number of discrete mechanisms by which accountability is rendered with regard to specific activities or sums of money, there is no sense of an overall framework within which these discrete mechanisms exist, or which provides a comprehensive vehicle by which accountability in an overall sense is rendered. Further, the current proposal to extend the Provincial Auditor's scope to allow value-for-money audit of universities is not considered an effective means of ensuring such comprehensive public accountability.

Neither government, OCUA nor universities alone are in a position to either fully examine the nature and extent of existing accountability, or develop and implement a comprehensive accountability framework. Accordingly, the Minister of Colleges and Universities is establishing a representative task force, as described below, to develop recommendations for such a framework.

**Terms of Reference:**

The Task Force on University Accountability is established to develop recommendations for a framework to provide for the clear accountability of Ontario's universities to the public. Without limiting the generality of the foregoing, the work of the Task Force shall include:

1. To explore existing accountability mechanisms for universities in Ontario and identify gaps and overlaps.
2. To examine alternative approaches and practices of other sectors and jurisdictions to address the issue of accountability of public sector institutions.
3. To identify potential relative roles and responsibilities of government, OCUA and university governing structures for the development, implementation and monitoring of systems which ensure and demonstrate university accountability.
4. To identify models or types of accountability mechanisms for implementation in the university context, including measures to address:
  - the broad public accountability for the overall goals and objectives of universities;
  - the financial accountability of universities to government; and
  - organizational, efficiency and effectiveness

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<sup>1</sup> Bearing in mind that one aspect of assessing organizational effectiveness -- program review -- is currently being addressed by OCUA.

5. To consider the degree to which these models/mechanisms for public accountability ought to be implemented across the university system, or might be adapted, where appropriate, to different institutional situations.
6. To identify the costs which would be incurred by implementing the proposed framework.
7. To develop a strategy (including time frames) for implementation of the proposed framework.

**Membership:**

The task force will be composed of individuals nominated by the following organizations:

- The Council of Ontario Universities (4)
- The Council of Board Chairs (2)
- The Ontario Council on University Affairs (1)
- The Ontario Council of University Faculty Associations (1)
- The Council of Ontario University Staff Associations (1)
- The Ontario Federation of Students (1)
- The Ontario Graduate Association (1)
- The Ministry of Colleges and Universities (1)

The task force chair will be named from among its membership.

**Secretariat:**

Secretariat support to the task force will be provided by the Ministry of Colleges and Universities, the Council of Ontario Universities, and the Ontario Council on University Affairs.

**Time Frame/Reporting:**

The task force is to be established in the fall, 1991. A preliminary report, outlining the task force's progress to that date and a work plan and time frame for the work remaining, is to be submitted to the Minister by June, 1992. The task force will report to the Minister of Colleges and Universities through the Deputy Minister.

**TASK  
FORCE  
ON  
UNIVERSITY  
ACCOUNTABILITY**

CONFEDERATION OF ONTARIO UNIVERSITY STAFF ASSOCIATIONS  
COUNCIL OF CHAIRMEN OF ONTARIO UNIVERSITIES  
COUNCIL OF ONTARIO UNIVERSITIES  
MINISTRY OF COLLEGES AND UNIVERSITIES  
ONTARIO CONFEDERATION OF UNIVERSITY FACULTY ASSOCIATIONS  
ONTARIO COUNCIL ON UNIVERSITY AFFAIRS  
ONTARIO FEDERATION OF STUDENTS  
ONTARIO GRADUATE ASSOCIATION

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January 23, 1992

The Honourable Richard Allen  
Minister of Colleges and Universities  
6th Floor, Mowat Block  
900 Bay Street, Toronto  
M7A 1L2

Dear Dr. Allen:

On behalf of the Task Force, I would like to express our appreciation to you for attending the recent meeting of the Task Force.

Your comments were extremely useful in assisting us to define the issues to be examined and to formulate our workplan.

As you noted, there are many important global or "macro" aspects concerning accountability of the university system as a whole as well as numerous accountability issues at the institutional or "micro" level. According to your direction, the Task Force will focus its analysis on this latter aspect of accountability, institutional level issues.

A great variety of monitoring and reporting mechanisms exist. The Task Force will survey the methodologies in place and the types of reports produced. It will note those which best serve the needs of internal and external users. Although the benefits resulting from the standardization and consistency of processes and reports will be borne in mind, the Task Force will recognize the strengths which result from the diversity and autonomy of the institutions.

The respective roles of the executive administration and governing boards will be examined.

Concerns raised by the Standing Committee on Public Accounts and the Provincial Auditor will be examined. The Task Force will also solicit the opinion of other interest groups and stakeholders of the university sector.

Emphasis will be placed on achieving a reporting and accountability framework which will be transparent to all stakeholders and will meet the needs of the government and the university communities.

Thank you again for your comments. I would be pleased to report the progress of our work to you at any time.

Yours sincerely,



W. H. Broadhurst  
Chair, Task Force on  
University Accountability

### **Membership**

Named by the Confederation of Ontario University Staff Associations  
Barb Johns, Trent University

Named by the Council of Chairmen of Ontario Universities  
Richard Stackhouse, Queen's University  
Robert Stephenson, Trent University (replaced Bruce Bryden, January 1992)

Named by the Council of Ontario Universities  
Sandy Darling, McMaster University  
Dan Lang\*, University of Toronto  
Jack MacDonald, University of Guelph  
Martin Van Nierop, University of Waterloo

Named by the Ministry of Education and Training  
Ralph Benson, Ministry of Education and Training

Named by the Ontario Council on University Affairs  
Bill Broadhurst\* (Chair)

Named by the Ontario Confederation of University Faculty Associations  
Bill Graham, University of Toronto

Named by the Ontario Federation of Students  
Rob Centa, York University (replaced Laurie Kingston, February 1992)

Named by the Ontario Graduate Association  
Susan Roxburgh, University of Toronto (replaced Lisa MacCormack,  
October 1992)

### **Project Coordinator**

David Coulter\*, Ministry of Education and Training

### **Observers/Consultants**

Joy Cohnstaedt, Ontario Council on University Affairs (replaced Viv Nelles,  
September 1992)

Barb Hauser\*, Ministry of Education and Training  
Gerry McIntyre, Ministry of Education and Training  
Ed Monahan\*

Norm Shulman\*, Council of Ontario Universities (replaced Edward DesRosiers,  
August 1992)

Paul Stenton\*, Ontario Council on University Affairs

\* *Steering Committee Members*

## APPENDIX C: Meetings and Consultations

### C-i Consultation Sessions

- January 9, 1992 ► Honourable Richard Allen, Minister of Colleges and Universities
- February 26, 1992 ► Office of the Provincial Auditor
- March 12, 1992 ► Dr. Robert Berdahl, University of Maryland
- April 23, 1992 ► Mr. J.P. Boisclair, Canadian Comprehensive Auditing Foundation
- July 23, 1992 ► Mr. Don Bourgeois, Barrister and Solicitor  
Mr. John Hodgson, Blake, Cassels & Graydon,  
Barrister and Solicitor
- September 10, 1992 ► Laurentian University
- September 11, 1992 ► Wilfrid Laurier University
- September 21, 1992 ► University of Waterloo
- September 23, 1992 ► Lakehead University
- September 25, 1992 ► Queen's University
- September 28, 1992 ► University of Toronto
- September 28, 1992 ► Chair, University of Guelph
- October 2, 1992 ► McMaster University
- October 5, 1992 ► University of Windsor
- October 6, 1992 ► Carleton University
- October 6, 1992 ► University of Ottawa
- October 7, 1992 ► Trent University
- October 16, 1992 ► Ontario College of Art
- October 19, 1992 ► University of Guelph
- October 20, 1992 ► University of Western Ontario
- October 21, 1992 ► Ontario Institute for Studies in Education
- October 23, 1992 ► Ontario Federation of Students
- October 26, 1992 ► Ryerson Polytechnical Institute

- October 28, 1992 ► Ontario Confederation of University Faculty Associations
- October 30, 1992 ► York University
- November 2, 1992 ► Canadian Association of University Teachers
- November 3, 1992 ► Brock University
- November 4, 1992 ► Council of Ontario Universities
- November 4, 1992 ► Confederation of Ontario University Staff Associations
- November 24, 1992 ► Council of Chairmen of Ontario Universities
- November 26, 1992 ► Standing Committee on Public Accounts
- February 11, 1993 ► Office of the Provincial Auditor

## C-ii Submissions/Presentations

The Task Force visited each university and held consultation sessions. Generally, three sessions were held. The first was with the chair and/or representatives of the governing body, the second with the president and/or representatives of the executive management. The third was an open session to which stakeholder groups were invited. Additionally, an invitation was extended to each group on campus to meet privately with the Task Force. Some groups chose to do this; others preferred to make their presentation during the open session.

Where the institution's name is listed alone, this indicates that the chair and president or their respective representatives made a presentation(s) and/or submission(s) on *behalf of the institution*. Where a specific group, organization or individual made a written presentation/submission on *behalf of that person or organization*, the group or organization is identified.

Brock University  
Carleton University  
Council of Ontario Universities  
Council of Ontario Universities, Committee on the Status of Women  
University of Guelph  
University of Guelph Staff Association  
University of Guelph, Central Student Association and the Graduate Student Association  
University of Guelph, College of Biological Science, Dean  
Lakehead University  
Laurentian University  
McMaster University  
Ontario College of Art  
Ontario Federation of Students  
Ontario Institute for Studies in Education  
University of Ottawa  
Queen's University  
Queen's University Staff Association  
Ryerson Polytechnical Institute  
University of Toronto  
University of Toronto Staff Association  
Canadian Union of Educational Workers, University of Toronto  
Graduate Student's Union, University of Toronto  
Secretary of the Governing Council, University of Toronto  
University of Toronto Students' Administrative Council, President  
Trent University  
Trent University Student Union  
University of Waterloo  
University of Western Ontario  
University of Western Ontario Faculty Association

University Students' Council, University of Western Ontario  
Wilfrid Laurier University  
Academic Planning Committee, Wilfrid Laurier University  
University of Windsor  
Students Administrative Council, University of Windsor  
Ontario Confederation of University Faculty Associations  
Canadian Association of University Teachers  
Confederation of Ontario University Staff Associations  
Ontario Graduate Association  
Canadian Union of Public Employees: Ontario Division  
York University  
Ontario Universities Public Affairs Council  
Affiliated and Federated Universities and Colleges:  
    Donald Thompson, Thorneloe University  
    Jacques Monet, University of Sudbury  
    Douglas Letson, University of St. Jerome's College  
    Charles Jago, Huron College  
    Robert Painter, Trinity College  
    Ken MacQueen, Huntington University  
W. Pattison, Board of Governors, University of Guelph  
M. Rootham, Department of French Studies, University of Guelph  
G.M. Martin, University of Guelph  
G.K. Smith, McMaster University  
D. Elliot and B. Burgess, Board of Trustees, Queen's University  
Tim Pope, University of Western Ontario  
Council of Chairmen of Ontario Universities  
Office of the Provincial Auditor

## APPENDIX D: Representativeness on University Governing Boards

### D-i Minister's memorandum of October 15, 1992 re Guidelines for Enhancing the Representativeness of University Governing Boards



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Office of the Minister	Ministry of Colleges and Universities	(416) 325-4100	Mowat Block Queen's Park Toronto, Ontario M7A 1L2
Bureau du ministre	Ministère des Collèges et Universités		Édifice Morel Queen's Park Toronto (Ontario) M7A 1L2

MEMORANDUM TO: Executive Heads and Governing Board Chairs Publicly-assisted Universities, Ryerson Polytechnical Institute, Ontario College of Art, OISE

INFO COPIES: Algoma, Hearst, Nipissing, Dominicain, OCUA, COU, OCUFA, OFS, COUSA, CUPE, CUEW, OGA, ACFA, Task Force on University Accountability

FROM: Richard Allen

DATE: October 15, 1992

SUBJECT: Guidelines for Enhancing the Representativeness of University Governing Boards

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On August 14, 1992, my deputy, Bernard Shapiro, wrote to you regarding the ministry's follow-up on the recommendation in the Stephen Lewis report that we "examine carefully the representative nature of Boards which govern both Colleges and Universities so that they reflect the changed society of Ontario." He indicated that, shortly, we would be sending you draft appointment guidelines for your consideration and comments. These are attached herewith.

As you examine these draft guidelines, you will recognize that they address the issues that I initially raised in my letter to you of May 29, 1991, when I urged you to take steps to ensure that your governing boards are representative of both your internal and external communities. At that time I sought your views on ways in which universities might broaden the base from which members of their governing boards are drawn.

I also indicated that I intended to correct the current anomaly whereby several boards have no provincial appointments, and whereby the number and proportion of such appointments on other boards varies considerably. I asked for your views on the appropriate number and proportion of board members appointed by the Lieutenant-Governor-in-Council (LGIC), and on the particular qualities which those members should possess in order to be effective participants on the board.

As well, I indicated to you my belief that students and employees -- support staff as well as faculty -- should be represented on the board. I asked that you consider the appropriate number and proportion of internal representatives to your board.

Your responses to these questions were thorough, thoughtful, and illuminating. Your comments have been taken into account in drafting the objectives and principles that form part of the draft appointment guidelines.

A common theme in your responses was the recognition that board members must have the time, commitment, skills, and knowledge to contribute to the effective and efficient functioning of the board, and that, collectively, the mix of skills must be such as to allow the board to fulfil its many and diverse duties and responsibilities. Many responses indicated the extent to which you are attempting to diversify the composition of your board by including the broader community in your search for external members. Your responses evidenced an appreciation for the value to your boards of diverse viewpoints, experiences, and perspectives among the members, and of the need for your board to reflect the interests of those the university serves. In this context, a general satisfaction with the role and quality of LGIC appointments was indicated, and those who do not yet have such members indicated their willingness to include such appointments, provided they bring the necessary skills and commitment to the board.

With respect to the external membership of the board, the attached draft guidelines enunciate three basic principles. First, the majority of members of a governing body should be external to the university community. (External members are those who are neither employed by the university nor registered as a student of the university). Second, the governing bodies of all provincially-assisted universities should include members selected by the

provincial government (LGIC appointments). Third, the process of appointing external members should be informed by considerations of the importance of gender balance and representativeness with respect to linguistic and ethno-cultural dimensions of the external community in addition to the considerations of desired skills and professional backgrounds that are now routine. Included with the draft appointment guidelines is what may be termed, for want of a better word, a "checklist" for the development of an appointment protocol for external members. I would envision the protocol being operationalized by means of memoranda of understanding between each university and the ministry, thereby implementing the above referenced principles with respect to external board members.

The concept of internal representation on the board -- i.e., that of students, faculty, and staff, elected from among their members -- prompted more divergent responses to my May 29 letter. In many cases, the traditions and history of the institution were cited as the main reasons for a board being structured without such representation, or with only one or two groups represented. In my view, the arguments to the effect that internal representation adds a valuable dimension to a university's board were more persuasive than those to the contrary. For that reason, I have incorporated the following principle in the attached draft guidelines: "University governing bodies should include representatives of each of students, faculty and staff (the latter term referring to all categories of support staff, including academic support staff). Collectively, these members should constitute a minority of the governing body's membership."

Given the variety of current arrangements for internal representation and the characteristics of certain university acts, I recognize that the implementation of this principle raises certain difficulties. One way of beginning to address the dilemma may be to have governing boards that would be more or less uniform in size. Analysis of current boards in bicameral institutions suggests that there is no direct correlation between the size of the board and the size of the institution, a point which would appear to make more uniformly sized boards at least conceivable. If boards were to consist, for example, of 36 members, it would be consistent with the stated principles to stipulate that the internal membership should account for 14 of the seats. These seats could in turn be representative of the internal constituencies in the following way: faculty (7), students (4), and staff (3).

Of the 22 external seats, at least 6 should be LGIC appointees, with the balance to be appointed by the university itself. The normative size of 36 might, of course, be expanded by one or two in order to accommodate the ex officio membership of certain senior administrators of the institution.

I would appreciate receiving your comments on the advantages and disadvantages, from your institution's perspective, of moving toward a board model along the lines which I have described above. In particular, I would invite your comments on the following issues associated with providing for additional representation on university boards in order to implement the principles.

1. Would the establishment of a more standard board size (e.g. 36) for all universities be helpful in accommodating the principles?
2. In applying principles of representation for internal members and LGIC appointees (in the absence of a standard board size) one may proceed by specifying numbers of seats or by specifying proportions of seats. Which would be preferable?
3. Given the principle that a majority of board members should be external, does it seem reasonable that such external members, including LGIC appointees, should comprise roughly 2/3 of the board?
4. In making provision for internal representation does it seem reasonable that total faculty representation should equal the combined total of that for students and staff, or is some other distribution more appropriate?
5. A variety of mechanisms current exist for appointment of internal members, including appointment by Senate, election by group or association, or ex officio membership. Would a process of open elections within the internal constituency groups at each institution be an appropriate method for selecting internal members?
6. The establishment of LGIC appointments for each board will require legislation. Do you think that legislation is the appropriate approach for developing internal representation on governing bodies? Are there other alternatives you would prefer (e.g. memoranda of understanding)?

The Task Force on University Accountability is also asking that you examine the role and structure of your governing board. In its Progress Report and Issues Paper, which was distributed earlier this year to the university community, the Task Force identified the governing body as a key element in a strengthened system of accountability. In its series of consultative meetings this fall, the Task Force will be asking your views on, among other things, whether changes should be made in the composition, size, and appointment processes for boards in order to make them more effective and accountable. I am fully confident that the objectives and principles for improving representativeness, as outlined in the attached guidelines, will also enhance the effectiveness and accountability of boards. It is my hope that the final report of the Task Force will be available in time to inform the process of finalizing and implementing these guidelines.

At this point it is appropriate to indicate that we recognize that there are some special implementation issues that will have to be addressed with respect to the unicameral structures of the University of Toronto and the Ontario College of Art, pertaining mainly to the issue of the balance between internal and external members and the proportion of faculty versus other internal representatives on the governing councils. I ask that those two institutions include in their response the ways in which it would be appropriate to adapt the objectives and principles to their governing structure.

With reference to the Ontario Institute for Studies in Education, we will also be working with the Ministry of Education, under whose jurisdiction the Institute operates, in order to determine how best to achieve broader representation on its board. Special measures will have to be taken with Queen's University as well, since it was established by Royal Charter rather than provincial statute. I should point out, however, that in order to bring about the required changes on boards, it is our intention either to amend the MCU Act or to introduce an omnibus act, applicable to all universities in receipt of provincial funds, rather than to amend the acts of individual institutions.

In his memorandum of August 14, Dr. Shapiro referred to a survey that the ministry will be conducting of all governing boards in order to determine their current composition. I take this opportunity to remind you that ministry staff will be contacting your board secretariats

in the near future to make suitable arrangements. Your cooperation and support in this endeavour is much appreciated.

I ask that each university respond to me in writing on these draft guidelines, in the manner outlined in the attached document, by no later than December 18, 1992. Any organization that wishes to comment should also observe that date.

As part of our commitment to respond to the spirit and recommendations of the Stephen Lewis report, the ministry will simultaneously be consulting fairly broadly with community organizations and groups on the issue of governing board representation. In this consultation we will seek to ascertain the issues that should be addressed, the ends to be achieved, and the most effective means of ensuring a broad canvassing of the community in the search for suitable nominees to both university and college governing boards. This consultation should be of particular assistance in refining the portion of the attached draft guidelines that pertains to the institution's development of an appointment protocol.

If you have any questions regarding the guidelines, the formulation of your response to them, or the survey of boards, please contact Dr. Gerry McIntyre, Manager of the Governance and Operational Support Section at (416) 325-2852.

Thank you for your assistance.



Richard Allen  
Minister

ATT.

DRAFT

October, 1992

## Guidelines for the Appointment of Members of University Governing Bodies

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### Preamble

The purpose of the guidelines which follow is to assist universities in enhancing the representative nature of their governing boards, in terms both of the internal constituencies of the university, including students, faculty, and staff, and of the broad external community. Responsibility for the overall health and well-being of individual universities rests with the governing body of the institution. Government policy with respect to institutional governance in recent years has been guided by a belief that educational institutions can best serve the broad public interest with respect to postsecondary education if they are governed by those whose interests they serve. As universities strive to focus their activities on the needs and interests of a diverse society, this diversity must be reflected in governance structures.

The broadened representation on the board is based on the following:

- First, representatives of students, faculty, and staff of the institution should be included as members on each board, collectively constituting a minority of the membership of the board.
- Second, each board should include Lieutenant-Governor-in-Council (LGIC) appointments, in sufficient number so as to have an impact on the board with respect to diversity.
- Third, each board should develop a protocol to guide the selection of external members, pertaining both to the nomination of LGIC appointees and to the selection of other external members.

The first part of these guidelines outlines the objectives and principles that each university should bear in mind as it examines its current board structure and undertakes to determine ways in which it could be changed in order to address the issue of representativeness. These objectives and principles in many instances "state the obvious" and, indeed, most are already being observed in varying degrees by each board. The purpose in stating them here is to enable each university to define how its governing body currently reflects each principle or how it will undertake to

address those principles that are not currently observed. You will also note that these principles include the commitment of government to work with the boards in the nomination of LGIC appointments. The second part of the guidelines presents, for want of a better word, a "checklist" for the development of an appointment protocol for external members.

It is recognized that the adoption of the guidelines will, for many institutions, result in changes to the composition of their governing boards. The response we are seeking from each university in this consultation, therefore, should include, in addition to comments on the guidelines themselves, the following:

- a detailed account of any specific problems you would encounter in applying any of these guidelines to the board of your institution;
- an indication of the strategies and mechanisms that would be used at your institution in adopting these guidelines;
- a description of how the structure and composition of your board would eventually change if these guidelines were adopted, and a preliminary indication of the timeframes that would be required to phase in the changes.

#### **A. Objectives and Principles for Ensuring Representativeness of Governing Bodies**

The following objectives are being pursued regarding representativeness, within the general context of enhancing the effectiveness and accountability of governing bodies:

- To ensure that university governing bodies are suitably representative of their **internal communities**, namely **faculty, staff and students**;
- To ensure that university governing bodies are suitably **representative of their external communities**, particularly with respect to:
  - the specific communities each university serves (including, but not limited to, the geographic community, whether local, regional, or provincial; the professional, industrial and labour communities; and the ethnic/linguistic communities); and
  - those groups traditionally under-represented such as women, the disabled, Aboriginals, francophones, and visible minorities.

**Principles:**

The principles outlined below pertain mainly to bi-cameral governance structures and require some adaptation to unicameral structures.

**General:**

- The membership of a governing body at any one point in time should attempt to balance the variety of perspectives, backgrounds, experiences and skills required for the effective operation of that body.
- The specific features of the composition/membership of governing bodies at different universities may reflect institutional differences, to the extent that such differences in governance are not inconsistent with the objectives of increasing representativeness and/or the other principles of reform.
- While it is both expected and desired that governors will bring a variety of perspectives, a governor's responsibility is to the university and not to any private interest, organization, community tie, or particular university sector.

**Representation of External Communities:**

- The majority of members of a governing body should be external to the university community. External members are those who are neither employed by the university nor registered as a student of the university.
- Governing bodies, in fulfilling their responsibilities for the appointment of members, should identify and articulate the nature of their external communities, and should, as vacancies arise, undertake analysis of their needs (both in terms of functional needs and representation of the community) to inform the appointment process. Further, they should consult with a broad range of community organizations to assist in identifying a range of candidates suitably representative of the external community.
- Governing bodies should strive for gender balance, and for equitable representation of those groups traditionally under-represented on university governing bodies.
- Governing bodies are encouraged to consider appropriate mechanisms for interaction with local municipal governments; this could be achieved through membership of municipal representatives on the governing body.

#### **LGIC Appointments:**

- The governing bodies of all provincially-assisted universities should include members selected by the provincial government (Lieutenant-Governor-in-Council or LGIC appointments). Although such members are the appointees of government, they neither represent government, nor serve as a special accountability mechanism to government. They serve in the same capacity as all members.
- LGIC appointees to a university governing body should be sufficient in number and should reflect Ontario's diversity. Recognizing the differences in the size of governing bodies, as well as the need to represent various groups on the governing bodies of different universities, it is suggested as a general rule that the Lieutenant Governor appoint no less than six members.
- Prior to the appointment of a provincial nominee to a governing body, government will undertake to consult with the governing body itself regarding those qualities which are currently not sufficiently represented among the membership.

#### **Representation of the Internal Community:**

- University governing bodies should include representatives of each of students, faculty, and staff<sup>1</sup>. Collectively, these members should constitute a minority of the governing body's membership.

#### **Conflict of Interest**

- University governing bodies should develop their own guidelines and procedures for addressing conflict of interest for internal board members.

The implementation of these principles, taken together, will result in changes – fairly significant in some cases – from current board structure.

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<sup>1</sup> Staff in this instance refers to all categories of support staff, including academic support staff.

**B. Checklist for the Development of a Sample University Board Appointment Protocol**

It is expected that each board will develop a protocol to guide the selection of external members of the board, including LGIC appointments. A copy of the protocol developed by each university and updated at least annually should be shared with the ministry. When the university nominates individuals for LGIC appointments to the board, the university should develop a profile of the nominee in terms of the current protocol, i.e., indicate why and how this particular nominee is an appropriate candidate in terms of the current needs -- both functional and representative -- of the board. A similar profile should be kept on file at the university of all other external members selected by the board.

It must be recognized, however, that LGIC appointments to university boards remain the Premier's prerogative. The protocol, and the profile of suitable nominees in terms of the protocol, will serve as a tool to guide both the university and the Public Appointments Secretariat in the nomination of candidates.

The features of the protocol would include, but not necessarily be limited to, the following (it being recognized that, to a large extent, points 1 to 3 are incorporated in the candidate identification process currently undertaken by universities):

1. Identification of the duties and responsibilities of the board, as prescribed in the establishing act and internal by-laws, and as prescribed by government and other agencies (eg., accountability to government/public);
2. Identification of the skills, knowledge, and expertise required (collectively) by the board to fulfil the duties and responsibilities; these should be broadly rather than narrowly defined;
3. Identification of the skills, knowledge, and expertise required currently (i.e., at the time of the appointment in question and in the medium-term); these should be broadly rather than narrowly defined and include reference to current high-priority institutional initiatives related to both public policy objectives (eg. accountability; Aboriginal education; teacher education, etc) and to the institution's mission statement and strategic plan;
4. Identification of the implications for board membership associated with achieving gender balance and ensuring effective participation of francophone, ethnic, linguistic and visible minorities, and persons with disabilities;

5. Establishment of a process for identifying men and women capable of fulfilling the functional requirements of the board and who best meet the social and community objectives identified. This would include identification of provincial, regional, and local community resources and organizations which may be able to assist in the identification of qualified men and women.
6. Enunciation of principles of objectivity, consistency and openness which would characterize the candidate selection process and which would be incorporated in a Memorandum of Understanding.

**It is anticipated that the features of the protocol, as described above, would be operationalized by means of a Memorandum of Understanding between each institution and the Ministry of Colleges and Universities.**

D-ii Response of the Task Force.

**TASK  
FORCE  
ON  
UNIVERSITY  
ACCOUNTABILITY**

CONFEDERATION OF ONTARIO UNIVERSITY STAFF ASSOCIATIONS  
COUNCIL OF CHAIRMEN OF ONTARIO UNIVERSITIES  
COUNCIL OF ONTARIO UNIVERSITIES  
MINISTRY OF COLLEGES AND UNIVERSITIES  
ONTARIO CONFEDERATION OF UNIVERSITY FACULTY ASSOCIATIONS  
ONTARIO COUNCIL ON UNIVERSITY AFFAIRS  
ONTARIO FEDERATION OF STUDENTS  
ONTARIO GRADUATE ASSOCIATION

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December 18, 1992

The Honourable Richard Allen  
Minister of Colleges and Universities  
Province of Ontario  
6th Floor, Mowat Block  
Toronto, Ontario M7A 1L2

Dear Minister:

I am pleased to respond on behalf of the Task Force on University Accountability to your memorandum of October 15, 1992 requesting comments on the draft *Guidelines for the Appointment of Members of University Governing Bodies*. In its June 1992 *Progress Report and Issues Paper*, the Task Force identified many of the issues noted in the *Guidelines* as relevant to its examination of university accountability. In its consultations following the issuance of that report the Task Force sought views from all segments of the university community concerning these and other issues.

Based on the consultations and internal discussion, the Task Force has developed the following response. It should be noted, however, that except for your Assistant Deputy Minister each member of the Task Force is a member of another organization which has also been given the opportunity to respond to your memorandum. The response of the Task Force may not reflect the position of these organizations. In some cases, individual members of the Task Force prefer the position stated by their sponsoring organization.

The role of the governing body was extensively discussed during each of our twenty-four consultation sessions. The views of the Task Force presented in this submission will also be incorporated in our final report. They are presented now to comply with your deadline for submissions regarding the representativeness of university governing bodies. Although these views may be further developed in our

final report, the principles expressed will not be changed. The perspective, in accordance with our terms of reference, is that of university accountability.

The governing bodies of Ontario universities exhibit considerable variation, reflecting differences in institutional history and mission. Having respect for these differences and recognizing the value of institutional autonomy, in developing the requirements for an accountable governing body the Task Force favours retaining maximum flexibility consistent with meeting the essential requirements for a representative governing body.

The Task Force considers that the criteria employed in the selection of the members of a university governing body are as important for the development and maintenance of an accountable governing body as are size, composition, the methods of selection of members and other technical considerations. Having governing bodies of a standard size and composition is not an accountability requirement. **The Task Force recommends the establishment of guidelines specifying the essential requirements for membership in order to achieve greater accountability.** Establishing minimum requirements will facilitate flexibility and institutional diversity and will improve accountability by matching specific processes with institutional missions. These guidelines should include requirements for membership, composition, selection procedures, length of term of members, and certain other elements. Where numbers are mentioned, the Task Force prefers, for the most part, relative or proportional rather than absolute numbers. Where constituencies are specified, broad categories or groups are preferred. The goals of accountability and representativeness can be achieved while preserving much of the current diversity in governing body structures.

The Task Force agrees with the three basic principles stated on pages 2 and 3 of your October 15th memorandum and embodied in the accompanying *Guidelines*. The Task Force also supports your proposal in the *Guidelines* that the governing body of each institution develop a protocol to guide the selection of external members. In this response the Task Force will elaborate on these statements and also address the six questions posed in your memorandum.

Insofar as possible the Task Force favours making the changes necessary to implement these guidelines without recourse to legislation. Some of the required changes might be implemented by governing body by-law; others could be achieved by a Memorandum of Understanding between the individual institution and the Ministry of Colleges and Universities. Legislation may be required in a few cases.

The views of the Task Force on the issues you have raised follow.

## **1. ESSENTIAL QUALITIES FOR MEMBERSHIP**

An accountable governing body embodies certain essential qualities. Some belong to the individual members; others to the group taken as a whole.

Each member of the governing body must possess certain qualities and these should be incorporated in the selection criteria. Only persons possessing these qualities should be selected for membership. Each member must have sufficient time available for service on the governing body and be willing to provide this time. Each member must possess relevant skills and interests. And, above all, each member must already have or be prepared to make a strong personal commitment to advance the interests of the institution. Members of the governing body, irrespective of the constituency from which they come or their manner of selection, owe a basic responsibility to the university as an entity and must be prepared to place its broad interests first.

An accountable governing body, however, is more than a collection of qualified and dedicated individuals. It is a group whose members, taken together, combine the skills and experience required to govern a complex institution. In selecting persons for membership on a university governing body, then, several group criteria must be employed. The governing body should exhibit an appropriate balance of skills and experience. The governing body, especially in its external membership, should reflect the ethno-cultural and linguistic communities the university seeks to serve.

## **2. SIZE AND COMPOSITION**

The Task Force believes there should be flexibility in the total size of governing bodies.

The governing body should be composed of both external and internal members, and have a majority of external members. The Task Force specifies a majority of external members because it believes that accountability to society is best assured by this means. This principle applies to both bicameral and unicameral governing structures. For institutions with a bicameral structure, at least 60% of the membership should be external and at least 30% internal. For institutions with a unicameral structure, the percentage of external members could be less as long as the majority is comprised of external members.

## **2.1 Internal Members**

With regard to internal members, the Task Force agrees with your suggestion that three groups -- faculty, staff and students -- should be represented.

The Task Force recommends that from an accountability perspective the minimum number of members from each of these three groups should be two. This minimum number will provide continuity (overlap of terms), and permit better committee coverage and representation.

The Task Force also recommends that the individual institutions should have discretion to increase internal membership. Institutions should determine and define, by a consultative process, the membership of the groups and any sub-groups within them to which seats are designated.

## **2.2 External Members**

Lieutenant-Governor-in-Council (LGIC) appointees should be considered external members. Your guidelines suggest six LGIC appointees; you have also suggested a model of a thirty six member governing body. The Task Force recommends that the lesser of either six members or one-sixth of the governing body be LGIC appointees.

Although not recommending that alumni be a required category of membership, the Task Force recognizes the value of having alumni serve on governing bodies. Institutions should consider establishing a category, "Alumni", for some of its external members. Alumni may also be suggested to the Government as candidates for LGIC appointments.

## **2.3 *Ex Officio* Voting Members**

The chief executive officer of the institution (President, Principal, Rector, Director) and the Chancellor should serve as *ex officio* voting members, the former considered as an internal member, the latter considered as an external member.

### **3. SELECTION PROCEDURES**

#### **3.1 Internal Members**

Internal members should be elected by direct election at large from within each of the three groups or sub-groups, as designated in Section 2.1, by the members of these groups.

#### **3.2 External Members**

The essential qualities for membership discussed in Section 1 should be emphasized when external nominees are considered for selection. The Task Force believes that highly motivated and involved external members are essential for accountability and for the proper functioning of the governing body. Therefore the appropriate balance of skills, experience, and interests as well as the issue of representativeness are important in the selection of external members.

External members, selected by the institution, should only be named after appropriate consultation by the governing body with the relevant external constituencies if these individuals are to be appointed or nominated as representatives of those constituencies.

The Task Force supports your proposal that each governing body will develop a protocol based on the institution's mission statement and its academic and financial plans to guide the selection of external members of its governing body. The items included in Section B of your *Guidelines* provide a good basis for the development of the protocol. This protocol should also take into consideration the essential qualities outlined in Section 1 of this letter and should include profiles of external members named by the university and profiles of nominees to be proposed to the Lieutenant-Governor-in-Council. The protocol should be reviewed annually by the governing body and submitted to the Ministry of Colleges and Universities.

Internal groups should be aware of the institution's protocol and take it into consideration when considering the nomination and selection of internal candidates for election to the governing body. In proposing such consideration by internal constituencies, however, the Task Force does not intend to abridge in any way the right of any constituency to elect anyone it wishes.

The Task Force recommends that Lieutenant-Governor-in-Council appointees should be selected and appointed in consultation with the governing body of the institution. The qualities and skill sets needed on the governing body at the time a vacancy occurs as outlined in the protocol mentioned above, along with the university's list of nominees for appointment should be communicated to, discussed with and fully considered by the Government. Every effort should be made to ensure the timely appointment of LGIC appointees in order to avoid vacancies on the governing body.

#### **4. REPRESENTATIVES**

Institutions should make provision for *ex officio* non-voting representatives on the governing body. The specific categories of representatives should be determined by each institution following a consultative process to ensure a functional match with the internal structure of the institution. The categories could include, for example, the heads of the faculty association, the student associations and the staff association(s).

These representatives would be provided for under the by-laws, not by legislation. They would have the right to receive notice of meetings and agenda material (except for material reserved for *in camera* sessions) and to attend and speak at public meetings. They would not have the right to attend *in camera* sessions unless specifically invited by the chair of the governing body. Although representatives would not have a vote, they would be bound by the same conflict of interest rules as governing body members with respect to their speaking privileges.

Provision for representatives on the governing body is intended to strengthen accountability by improving communication between the governing body and the major formally recognized groups representing faculty, students and staff, and to improve understanding by the governing body of the implications of its decisions on these constituencies.

#### **5. LENGTH OF TERM**

Apart from *ex officio* members, all members should serve limited terms. Normally, members should be appointed for a renewable term of a minimum of two years and a maximum of four years. Exceptions may be desirable in certain cases, for example in the case of student members, who might serve a one-year term, or when terms must be adjusted to ensure overlap.

The normal length of term for an appointed external member might be different from that of an elected internal member.

Members of the same constituency should serve staggered terms based on the normal length of term.

There should be a test (a review of criteria) at each renewal of term identical with that when the initial selection and appointment was made.

There should be provision for the termination of membership of individuals who become inactive.

## **6. CONFLICT OF INTEREST**

The Task Force agrees with your recommendation that each institution should have a by-law addressing conflict of interest for all members of the governing body. This subject will be more fully addressed in our final report.

## **7. CONFIDENTIALITY**

Each institution should have a by-law covering the responsibility of all members of the governing body in respect of confidentiality. The by-law should specify those matters which are to be bound by confidentiality and the sanctions to be imposed for breach of confidentiality.

In the interests of accountability, as far as possible, meetings of the governing body and its committees should be open. While stressing the desirability of conducting the majority of governing body business in open session, the Task Force recognizes that some items of business may legitimately be conducted *in camera*. However, these items should be the exception. Each institution should develop guidelines which specify the reasons an *in camera* session might be held.

The Task Force will also address the subjects of confidentiality and *in camera* sessions more fully in its final report.

## **8. FEDERATED AND AFFILIATED COLLEGES AND UNIVERSITIES**

Any guidelines for an accountable governing body will have some applicability to the governing bodies of the Federated and Affiliated Colleges

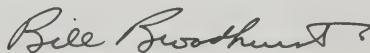
and Universities which form part of certain provincially-assisted universities in Ontario. The Task Force will address this matter in its final report.

#### **9. OTHER MATTERS RELATED TO GOVERNANCE**

In its final report the Task Force will also address numerous other matters related to governing bodies but not concerned with the representativeness issue raised by your memorandum. Examples include recruiting and orientation of governing body members, support systems for members, duties and responsibilities of members, issues related to legal liability and the committee structure.

On behalf of the Task Force I would like to thank you for inviting us to respond to your initiative. Members of the Task Force would be very pleased to discuss any aspect of this submission with you or your staff at your convenience.

Sincerely,



William H. Broadhurst  
Chair, Task Force on  
University Accountability

## **APPENDIX E: Reports**

This appendix is divided into three report categories: mandated/legislated, system-level and institution-specific. The items listed in each category are illustrative. None of the lists is either comprehensive or complete.

### **I MANDATED/LEGISLATED**

Included in this category are material, data and reports provided by individual Ontario universities in response to the requirements of the Ontario Ministry of Education and Training (MET), other ministries or agencies of the provincial government, the federal government and relevant municipal governments that derive from legislation and/or regulations that apply to the universities.

#### **a) Ministry of Education and Training**

- Annual audited financial statements
- Annual audited enrolment reports
- Annual report on ancillary fees
- Annual report on capital spending projects
- Annual report on use of faculty renewal grants

#### **b) Other Provincial Ministries and Agencies**

- Reports to Employment Standards Branch, Ministry of Labour
- Reports to the Pay Equity commission re compliance with pay equity legislation
- Reports to the Ministry of the Environment re handling and disposal of hazardous materials
- Reports to the Ministry of Industry, Trade and Technology on audits of funds provided University Centres of Excellence
- Reports to the Ministry of Labour re handling and disposal of PCBs
- Reports to the Office of the Solicitor General re inspections of elevators and film projection equipment
- Reports to the Public Trustee re compliance with Ontario Charities legislation

#### **c) Federal Agencies**

- Reports to federal granting councils (MRC, NSERC and CC) re research grants administered by the university
- Reports to Revenue Canada as required under relevant legislation
- Reports on audits of funds received from Health and Welfare Canada and Agriculture Canada, as required
- Reports to Atomic Energy of Canada re use and disposal of nuclear materials, as required
- Data submissions to Statistics Canada as requested under terms of the Statistics Act

d) Municipal/Regional Agencies

- Reports on inspections by the local fire department re fire regulations, as required
- Reports on inspections by the local regional health unit, as required
- Reports on compliance with other local/regional codes and policies, for example building codes, as required

e) Academic Agencies

- Submissions to the Ontario Council on University Affairs (OCUA)
- Submissions to the Ontario Council on Graduate Studies (OCGS)
- Submissions to various academic and professional accrediting agencies

## II SYSTEM REPORTING

While not mandated, the kinds of reporting listed in this section comprise a significant element of Ontario university accountability.

a) Finances

- Annual Financial Reports of Ontario Universities prepared by the Committee of Finance Officers - Universities of Ontario (COFO-UO)
- Annual Report of the Canadian Association of University Business Officers (CAUBO)
- Annual Report on Interprovincial Comparisons of University Financing (MET/COU/OCUA)

b) Academic Affairs

- Annual Report of the Ontario Universities' Application Centre (OUAC)
- Inventory of Health Sciences Research in Ontario Universities, prepared by the Health Sciences Liaison Committee of COU
- Reports on Faculty Complements
- Reports on Faculty Salary Settlements
- Reports on Non-Academic Staff
- Reports on Ontario Scholars

## III INSTITUTION-SPECIFIC REPORTS

Ontario universities publish a wide variety of materials. Some are included in an institutional book; others are published separately. Typically, these include:

- The Annual Report
- Mission Statement
- Academic Plan
- Financial Plan
- Operating Budget

- Financial Forecast
- Enrolment Forecast
- Minutes of the Governing Body, or Summary
- Minutes of Senate, or Summary
- Report on Course Evaluations, or Summary
- Reports on academic program reviews, both those conducted internally and those undertaken by external agencies
- Reports on department/faculty reviews
- Reports of various board, senate and joint board/senate committees
- Summaries of Research Grants awarded to faculty
- Reports of Research Centres and Institutes
- Course/program calendars
- Reports on Space Utilization
- Reports on Deferred Maintenance
- Economic Impact Studies
- Reports on Development/Fund-Raising
- Reports on Student Financial Aid
- Report of the University Ombudsperson
- Report of the Alumni Board
- Lists of standing and *ad hoc* committees of board and senate
- Reports of various committees
  - Status of Women
  - Pay Equity
  - Occupational Health and Safety
  - Campus Security
  - Continuing Education
  - Parking and Traffic

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**APPENDIX G: Report of the Committee on Accountability, Performance Indicators and Outcomes Assessment**

Included in this appendix are the following:

- Letter from the President of COU to the Chair of the Task Force transmitting the Report;
- The Report;
- Appendix A of the Report.

It should be noted that the Report includes four other appendices:

- Ontario University Registrars' Association Attrition/Retention Study (Outline)
- Scholarly Awards held by Faculty
- Scholarly Awards held by Students
- Canadian Universities Data Exchange Consortium Manual (1990)

These appendices are not included. Anyone wishing a copy of these should contact the Council of Ontario Universities.



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1993 03 16

Mr. William Broadhurst  
Chair  
Task Force on Accountability

Dear Bill:

Last September, you requested that CUPA's Committee on Accountability, Performance Indicators, and Outcomes Assessment advise your Task Force "about an array of objective measures and expressions of institutional performance and outcomes."

The Committee has now completed its report, and I am herewith transmitting the report to you for consideration by the Task Force.

COU has not yet had adequate opportunity to review the report. When we have completed our review, we may wish to comment on the report, and I will let you know of our intentions presently.

Best wishes.

Yours sincerely,

Peter George  
President

Att.

**REPORT  
OF THE  
COMMITTEE ON ACCOUNTABILITY,  
PERFORMANCE INDICATORS  
AND OUTCOMES ASSESSMENT  
TO THE  
MINISTER'S TASK FORCE ON  
UNIVERSITY ACCOUNTABILITY**

March 12, 1993

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## INTRODUCTION

In September, the Minister's Task Force on University Accountability asked the Committee on Accountability, Performance Indicators, and Outcomes Assessment of CUPA to prepare specific advice about benchmarks and indicators which it might recommend as a means of strengthening the capability of boards of governors to hold their institutions accountable. (See Appendix A.) Although development of indicators for the Task Force was difficult and time-consuming, the Committee, like the COU and CUPA, believed that it was important and would assist in taking accountability in the right direction: to the institutions themselves and to their boards of governors.

The Committee, in beginning its work, took particular note of two important aspects of the Task Force's interest in benchmarks and measures. The first was that the Task Force expressly called for management indicators, as opposed to indices that might be used to rank institutions or set norms that would be applied uniformly to all universities. The second was the Task Force's emphasis on the boards of governors as the principal instrument of accountability. The combination of management indicators designed for local use and the empowerment of boards of governors to take charge of accountability is an excellent match of means and ends.

Although this report is directed to the Task Force, it is also a report to the COU. It is the view of the Committee that, regardless of the use that the Task Force decides to make of the proposed array of indicators, the universities, through the COU, should prepare annual reports of vital statistics about their activities. One may think of those reports as "fact files," covering common areas of activity and expressing the information according to common definitions.

Some of this information might usefully supplement or supplant *INFO*, which the Ontario Universities' Application Centre provides as a guide to prospective students. *University Entrance*, the counterpart of *INFO* in the United Kingdom now provides information about:

- total applications
- the number of offers made
- the number of offers accepted
- the average grade of students to whom offers are made
- the average grade of students who accept offers
- library holdings
- computing facilities.

All of those are statistics for which management indicators can be devised and could be made available in Ontario.

In citing *INFO* and *University Entrance* the Committee does not wish to imply that indicators about accessibility and selectivity are somehow more important than other indicators. They are not. They do, however, serve as good examples of the way in which universities could provide more information and more useful information than they now do. In that regard, the Committee believes that the Task Force's observations about the need for greater "transparency" are apt and important.

While the Committee would agree with those who say that output is more important than input, we expect that the Task Force may wish to know a bit about the approach that the Committee took to the development of the proposed indicators.

For each possible indicator, a number of questions were asked:

Relevance: Would the indicator actually represent what it purported to? It is possible in some cases to assemble statistics and devise indices which seem reliable and technically sound but which are really a step or two away from the central purpose of the indicator. An example is the staff:student ratio, which is calculable but may not really indicate much about instructional workload, class size, or general contact between faculty and students.

Reliability: Would the indicator be based on statistics that could be assembled consistently and accurately? There are areas for which one can imagine an indicator conceptually, but for which reliable data cannot be assembled. Accountability should depend on indicators which are based on definitions and data that are consistent from year to year, and from program to program.

Accessibility: Could the indicator be constructed on a regular, consistent basis? There is a logistic to creating and reporting indicators. And there is a cost. Some data are not easily accessible on a consistent basis or, if they are, only at a cost that would offset their usefulness.

Clarity: Would the indicator be understandable? There are many areas of activity for which indicators might be technically possible, but would be so complex and abstruse that they could just as easily confuse as inform. The management and allocation of resources is an area in which clarity is especially important but difficult to realize.

Applying these tests, the Committee identified some areas in which we knew the Task Force was interested but for which those several questions could not be answered satisfactorily. The Committee could have pressed on to force an indicator, but instead decided that it would be better to inform the Task Force that a reliable indicator could not be devised than to concoct an indicator that would be unreliable and misinformative. In such instances -- for example instructional performance -- we believe that the Task Force should consider shifting emphasis away from indicators to processes of evaluation.

In the end, it is the Committee's view that the sheer volume of information about a university's activities is not the measure of accountability. Governors need a comparatively few reliable, understandable, and meaningful management indicators more than they need masses of largely undifferentiated statistics which may be defined one way this year and another way next year.

It is correct to say that all performance indicators are management information but not all management information is performance indicators. It is also correct to observe that indicators and statistics are different. Indicators are guides. They are objective but not necessarily absolute. That distinction is important to keep in mind in terms of accountability. Statistics are broadly available. They can be juxtaposed in many ways for many purposes. The Committee took as its particular task the identification and construction of indicators which can reliably inform boards of governors about the "state of the university" in several different dimensions: responsiveness, quality, performance, management and allocation of resources, mission statement, and transparency.

## Responsiveness

Universities in Ontario are funded on a basis that assumes they will serve a variety of public needs, usually summarized as teaching, research, and public service. The founders of most private universities had particular needs in mind as well. So, it is quite reasonable to expect that universities are held accountable in terms of the extent that they respond to certain public needs and initiatives.

Some particular areas in which responsiveness can be measured and expressed by indicators are: accessibility, diversity of students and staff, curricular articulation with other educational sectors, public access to university facilities and resources (for example, libraries).

## Quality

Of all the areas in which universities are held accountable, quality is the one that requires the least external stimulus. Universities are naturally concerned about quality. Excellence means something to them. They expect to be held accountable for quality. After *performance* indicators, *quality* indicators are most prevalent throughout colleges and universities.

The fact that quality indicators are prevalent does not, however, mean that there is a consensus about them. Nor is there a consensus about how quality indicators should be used or what questions they should inform. Despite various attempts to generalize about quality, in the end quality indicators operate best at the program level within individual institutions. The higher the level of their aggregation, the less useful quality indicators become.

Quality indicators have been or can be devised in several specific areas: students, faculty, research, instruction, curriculum, libraries, computing, and other educational technologies.

## Performance

Performance indicators are a category of management indicators generally. They have certain characteristics. They are highly institution specific. Even when used comparatively, they depend on a very careful determination of peer institutions that share similar objectives. They presume change: that the university will move towards further realization of certain objectives.

Performance indicators are often indicators of "output," particularly in research.

There is, of course, a tendency to talk about all indicators as *performance* indicators. There are some measures which are indeed expressions of performance in the sense that they have a fixed point of reference that operates as a norm or standard. A university and its board of governors may wish as part of a mission statement or strategic plan to define such norms or standards in order to monitor progress towards particular goals. The keys are that the standard is selected instead of imposed, and is defined in local terms instead of global or system-wide terms.

## Management and Allocation of Resources

It is not glib to say that a university's budget will tell as much about its role and priorities as its mission statement will. Nor is it glib to say that few things are harder to understand than the way in which a university's resources -- human, financial, physical -- are actually deployed.

Universities, like the Task Force, are skeptical about the extent to which value is really added in "value for money" auditing. So is the Committee on Accountability, the members of which do understand how their institutions' budgets work and what they mean, and who endorse the idea that each institution has an obligation to account for the funds which it receives and to assure its governors, and through them the public, that funds were utilized efficiently and for the purposes intended, all in a manner congruent with its particular array of missions.

The management and allocation of resources is an area of accountability where more is sometimes less: more statistics may mean less real information that governors can use to meet their responsibilities for accountability. The Committee has therefore proposed a combination of certain key indicators and a simple but useful format for portraying and juxtaposing basic budgetary information.

## Mission Statement

The primary point of reference for most management indicators should be each university's role, its plurality of missions, or, in simple terms, what it purports to be and do. The first test of accountability is whether or not the institution is doing what it is supposed to do, and whether or not it is doing so in an effective manner.

Several of the indicators proposed by the Committee assume the existence of a clear sense of institutional role and purpose, and are intended to provide a means of assessing the match between intention and performance.

In addition to the indicators, the Committee also proposes a basic agenda or table of contents of mission statements, for without meaningful mission statements many management indicators have no real point of reference.

## Transparency

The Task Force is right. There is a problem of transparency. Indicators are not necessarily the best means of solving that problem. Of course, all management indicators should be publicly available. But what universities do and how they do it can be better explained by a regular array of basic facts and management representations extending across a wide range of activities. The Committee suggests what some of that basic factual information should comprise.

## Output

An alternative idiom to management indicators is "input-output." It is often said that there is a lot of information about the "inputs" of higher education, but considerably less about "outputs." A part of the output question can be answered by universities' being more transparent about what they do. For some of the indicators proposed here there is a dimension of output. They are identified by asterisk on the summary list on page 16.

## MEMBERSHIP AND CONSULTATION

The regular membership of the Committee includes representatives of nine universities, plus the COU. Two officers from the Ministry of Education and Training joined the Committee as observers. The members are as follows:

Patrick Beard, Brock University  
Andrew Berczi, Wilfrid Laurier University  
Kerrie-Lee Clarke, Lakehead University  
Derek Jamieson, University of Guelph  
Daniel W. Lang, University of Toronto (Chair)  
Joseph Lloyd-Jones, University of Ottawa  
Ken Snowdon, Queen's University  
Bob Truman, University of Waterloo  
Don Wallace, York University

Gerry McIntyre, ME&T  
Jamie Mackay, ME&T

Larry Payton, COU

Thus the Committee is itself broadly representative. In addition the Committee held a general meeting to which representatives of all institutions, including O.I.S.E. and O.C.A., were invited. At that meeting, all institutions were invited to make submissions about indicators which they were already using and which they might wish to recommend as "best practice."

## PEER IDENTIFICATION AND SELECTION

It is inevitable that management indicators for accountability will be used comparatively, whether or not that is the Task Force's intention. None of the indicators proposed by the Committee was devised with comparison in mind. Neither the Task Force nor in turn the Ministry of Education and Training or the Ontario Council on University Affairs should assume automatically that reliable comparisons can be made on the basis of every indicator.

But boards of governors, in fulfilling their mandate for accountability, may quite legitimately wish to construct comparative lattices based on the proposed indicators or subsets of them. The key to accountability through comparison is not really the indicators. It is the means by which each institution, formally through its board of governors, determines its peers for the purposes of comparison.

Comparisons made willy nilly, either because data are readily available or because comparisons with certain other institutions produce intuitively desirable results, are inherently unreliable and cannot serve accountability well. Convenience and politically useful results should not form the basis of peer selection.

Universities and their boards of governors should be aware of the importance of peer selection and should use it deliberately and formally in various regimes of accountability. The Committee does not believe, however, that a simple method for determining peers should be imposed on the universities. Even within a given institution, a sound case could be made for different slates of peers depending on the particular comparisons that a board may wish to make for the purposes of accountability.

Although not an exact science, there are several methodologies available for determining peer groups among universities. In the United States, for example, the American Association of University Professors, the Carnegie Commission for Higher Education, the National Centre for Higher Education, the National Centre for Higher Education Management Systems, and several individual states have developed formal methodologies. Others, like the *Maclean's* institutional categorization surveys, are less definitive but aim for a similar result. The Committee on Accountability's report on *Maclean's* (1992) proposed a more definitive categorization scheme based on cost structures.

Taking all of these methodologies into account, it is possible to devise a simple typology, recognizing that all methods use the following variable criteria in one form or another: enrolment, number of degrees conferred, programs offered, academic and administrative complement, average salaries, research expenditures. Some even take local geography and demographics into account.

A typology of approaches to developing institutional peer groups is presented in the following table:

### Typology of Approaches to Developing Institutional Peer Groups

Technique	Cluster Analysis	Hybrid Approach	Threshold Approach	Panel Review
Emphasis	Data plus Statistics	Data plus Statistics plus Judgment	Data plus Judgment	Judgment

The bottom half of the table shows a continuum of options ranging from a judgment-free (statistical approach) to one depending entirely on judgment.

### Cluster Analysis

Cluster analysis is a set of statistical procedures which are basically designed to calculate statistical distance. Alternative ways of making the calculation distinguish alternative clustering methods. Clustering algorithms ensure that the institutions in a given cluster will be more similar to each other, with regard to the variables being evaluated, than the institutions in any other cluster. The approach relies heavily on multivariate statistics and computer processing to manipulate large quantities of institutional descriptors.

### Hybrid Approach

The Hybrid Approach incorporates a strong emphasis on data and input from the practitioner with statistical algorithms for manipulating data. Various forms of this approach are conceivable. One such approach is that used by the Kansas Board of Regents to identify peer groups for the six four-year institutions under its jurisdiction.

This methodology was revamped in the fall of 1980 to revise earlier peer selections made by the Kansas Board of Regents which used these selections as aids in developing funding formulas for institutions in Kansas.

### Threshold Approach

The threshold approach relies primarily on thresholds and raw data, and depends little, if at all, on statistical methods. It is useful to think of it as a procedure for reducing the universe of institutions until a residue of acceptable ones remain.

### Panel Review

In the panel approach, the peer group is developed primarily through informed judgment, and is based on the consensus of knowledgeable individuals. Data is used only informally. This approach is commonly used.

The ultimate objective of any methodology for determining peers for comparison should be to ensure that the institutions are sufficiently similar for comparisons to make sense. Institutions have different roles, some deliberately set as mission statements while others are the product of history. Institutions are different in terms of size and location. One would neither expect nor want the University of Toronto and Lakehead University to be the same in terms of role, organization, and scale.

Perhaps most important, once peer groupings extend across jurisdictional boundaries, are differences in funding and wealth. Some systems are simply not funded as well as others, either because of government policy or because of ability to pay. (Some methodologies, for example, take per capita income for each province or state into account). The regulatory environment also causes differences in funding, most obviously when tuition fees are regulated or not.

## INSTITUTIONAL, PROVINCIAL, NATIONAL

The Task Force asked the Committee to indicate whether or not certain indices would be more reliable and useful if defined on national instead of provincial terms. It is a very important question.

As a deliberate priority, all of the indicators proposed by the Committee were designed first and foremost to operate on the institutional level in order to inform boards of governors about the activities and performance of the institutions for which they are responsible. Some indicators -- for example, Distribution of Entering Grade Averages -- will operate only at the institutional level, although using a common methodology.

The indicators proposed by the Committee rely on definitions, data, and reporting formats that are or could be common across Ontario. Each indicator is practical in the sense that it presumes a definition or source of data that is known to be feasible. In that sense, the entire array of proposed indicators is provincial. The Ministry, the Ontario Council on University Affairs, the Provincial Auditor -- any agency with an interest in accountability -- can be confident that every board of governors will receive information about institutional performance on a consistent basis, from institution to institution, from year to year.

There is, however, an important difference between a provincial schedule of indicators which assures the ability of boards of governors to be the principal instruments of accountability and indicators that could be used to form the basis of system-wide comparisons or rankings. The Committee is not naive. We know that once the results of the proposed indicators are made publicly available, attempts will be made, even by some universities themselves, to draw comparisons among institutions. That is why we have emphasized the importance of processes for identifying peer institutions.

But the fact remains that these indicators have not been devised to serve the purposes of comparison or ranking. That is not only a statement of principle, it is a matter of practicality as well. Many of the indicators will not work in terms of relevance and reliability at the system level. Many, in fact most, are designed to be applied at the program level instead of the institutional level. The results of that type of indicator cannot simply be added together to produce an institutional result for use system-wide. Aggregation of program results would be a very complicated algorithm involving all sorts of adjustments for program mix, enrolment, and cost structures, not to mention different roles and missions.

The utility of national indicators is highly questionable. Systems of higher education vary across Canada. They vary in organization, in the way they interface with secondary schools and colleges, in the form and amount of funding, and in cultural and social expectations. The differences are all good for Canada and for each province. A national system of indicators would have one of two possible unfortunate consequences.

If the national indicators were used as management or policy tools, they would force an unproductive and unnecessary degree of homogeneity. That is what "accountability by comparison" does. It does not really result in better institutional performance, nor does it produce real accountability. It produces only the appearance of accountability.

The other unfortunate possible result will be a set of indicators that are so generalized in order to recognize legitimate institutional and provincial differences that they are for all intents and purposes, including accountability, useless.

Student retention represents a good example of the futility of national indicators. British Columbia, Alberta, Ontario, Quebec, and Nova Scotia all have quite different entry points for undergraduate programs in addition to entry directly from secondary school. The arrangements in each province no doubt can be explained and justified in terms of sound and sensible local policy. The practical effect, however, is that the calculation of student retention should be geared to the structure within each province. Even if some sort of omnibus methodology could be devised, it would not produce results that could be used reliably for comparative purposes.

Remember, we are talking here about indicators that operate on the program and institutional level. A strong case could be made for devising means of comparing the effectiveness of systems of higher education. The case is partly analytical. It recognizes that the comparison of systems of higher education cannot be built simply on aggregations of program or institutional indicators. System indicators are *sui generis*, and should be developed as such.

The balance of the case for system indicators is about funding and, in some cases, system structure and regulation. In any system of publicly-funded higher education, universities can in many, many respects perform only as well as they can within the funding constraints that are placed on them. This is not a case for more funding, although it could be. Each province will have different reasons for funding universities as they do. Sometimes financial circumstances leave the province little real choice. But in terms of institutional accountability, the province's expectations must somehow include a recognition of the implications of funding. Otherwise accountability becomes an illusion as comparisons are made with no real point of reference.

The Committee urges the Task Force to speak to the problems of institutional accountability in the absence of system accountability. The Task Force may wish to refer to the *Ontario Universities Statistical Compendium*, in particular *Part A, Macro-Indicators*.

Having expressed very serious doubts about a national system of indicators, the Committee would nevertheless observe that a national system of data collection and exchange can and does operate at the national level. The Canadian Universities Data Exchange Consortium (CUDEC) has been in place since 1985. Several of the data definitions in the proposed indicators are based on CUDEC. The CUDEC data exchange manual is enclosed as Appendix E and as a reference for certain definitions.

Eight Ontario universities are active participants in CUDEC. If all were to participate, and share the data with the COU, the combination of CUDEC data and the indicators proposed here would go a long way towards solving the "transparency" problem.

## MISSION STATEMENTS

The Committee assumes that the Task Force in its final report might comment broadly about mission statements as a key instrument of institutional accountability. In addition to their broad role in accountability, mission statements have a particular relationship to certain types of indicators -- in the case of the Committee's report, to an entire category of indicators.

To understand why this is so, the Task Force should consider that Ontario's universities are not homogeneous. Much of their strength, particularly in terms of their effective use of public funds, lies in their diversity. Their diversity includes a mix of programs, differing methods of program delivery, differing approaches to accessibility, balances between instruction and research, reliance on local resources, and community services. Each institution has a role and capacity unique to itself.

Those roles and capacities are not technicalities that have no bearing on accountability. They can and do. For example, an institution with a proportionately large health science sector will have a different cost structure from universities with a different mix of programs. Some government funding programs -- for example, bilingual grants and northern grants -- recognize other cost structures.

Quality, performance, and responsiveness should in many respects be measured against institutional mission instead of against a presumed and unavoidably artificial "typical" or "average" institutional model.

Just as there is no typical or average institutional model, there is no set understanding of what a mission statement should amount to. Most Ontario universities have public statements that in one way or another declare institutional purpose. Some are far more definitive than others. Some have built-in benchmarks against which progress can be measured while others do not. Some talk about what the university is while others describe what it should be. Some say what the university should do while others say that it should not do.

In other words, mission statements can and do vary widely in terms of content and form. They do not classify themselves. There is nothing wrong with that. But for the purposes of accountability, there are some areas for which all mission statements should have similar "tables of contents" to which indicators can be connected.

The Committee's report implicitly identifies a number of these areas:

- student quality
- research performance
- enrolment
  - > diversity
  - > local accessibility
  - > international
  - > alumni children
  - > capacity
- program mix
- policies and procedures for resource allocation
- faculty and staff resources

There are, of course, other important areas -- for example, governance -- which one would expect to see in statements of institutional purpose. But the areas noted here are those to which some objective measures of accountability could be applied if the mission defined expectations for which a board of governors could hold the institution accountable. Whether those expectations are defined through a formal mission statement or through a series of policies that taken together amount to a mission statement is unimportant. The point is that certain goals and objectives be formally and publicly declared.

In some areas -- for example, employment equity, pay equity, educational equity -- there are legislative or other province-wide systems of accountability, which play roles comparable to mission statements. So, again, one would not necessarily expect to find all goals and objectives as a simple omnibus statement.

## "TRANSPARENCY"

The "transparency" question is very important but is really more about what do universities do and how do they do it than about accountability *per se*. It is also not necessarily a question that is best answered by formal management indicators. The public availability of indicators is, however, part of the answer. The Committee assumes that when the results of indicators are made available to boards of governors, they will be part of the public record of each board's deliberations.

The Committee has also suggested to the Council of Ontario Universities that there should be an annual COU report or "fact file." Whether or not that suggestion is acted on, the Committee believes that in addition to the indicators, universities should regularly provide information in a standard form in certain areas. By "standard form" the Committee does not mean a definition that would apply uniformly to each institution. We mean that each institution should decide on a standard form for itself and consistently use it in its reports to its board of governors.

The areas that the Committee suggests are:

Gender, for faculty, students and staff

Age, for faculty, students and staff

Race and ethnicity, for faculty, students and staff (in accordance with applicable sections of the Ontario Human Rights Code)

Distribution of faculty by rank

Distribution of faculty by tenure status

Geographical origin of students

Student residence places

Availability and allocation of institutionally funded scholarships and bursaries

Fees, including ancillary fees, administrative "user" fees, and fines

Procedures for:

- > admission
- > awarding financial aid
- > awarding tenure
- > granting research leave
- > evaluating instruction

Availability of special services and programs

- > race relations
- > status of women
- > sexual harassment
- > ombudsperson
- > services to disabled students
- > English-as-a-Second Language
- > writing and math laboratories
- > public safety
- > mature student admission
- > other

Public service and "community impact"

- > continuing studies
- > auditing
- > pre-university "bridging" programs
- > English-as-a-Second Language
- > public lectures

- > art galleries and museums
- > conferences and conference services
- > service contracts
- > consulting
- > clinics
- > use of space by external groups

Many of these areas are "outputs" and, when reported, will expand the exposition of the outputs of universities.

## INDICATORS

At the outset the Committee considered as many as 80 potential indicators -- some hypothetical, some in use in other jurisdictions. Some were in areas with which indicators are not conventionally associated. For example, the Committee gave serious thought to indicators that measured various dimensions of curriculum (the ratio of required courses to elective courses). The Committee also examined indicators that might somehow measure the workplace experience of faculty in professional programs.

The Committee thus began with a very broad perspective. In the end each of the following indicators passed the Committee's relevance - reliability - accessibility - clarity tests. The indicators are summarized by the enclosed table, which also explains which dimensions of accountability each indicator could advise.

The Task Force may wish to specify certain indicators which would be used by every university and others which would be used either at each university's discretion or in connection with particular public mandates or with individual mission statements. The enclosed table identifies those indicators which are most likely to be connected to mission statements.

The Task Force may be inclined to winnow the list of indicators proposed by the Committee. While the Committee would not claim that every indicator is perfect, we would note that the various indicators are in many cases complementary. They gain in strength when used in conjunction with one another.

More importantly, the array of indicators proposed by the Committee was devised to allow for flexibility of use from institution to institution, and from program to program. The more selections and combinations that a university and its board of governors can make in order to suit indicators to its particular role and array of programs, the more accountable it will be. A longer, more flexible list of indicators is preferable to a shorter, more prescriptive list. In fact, the Committee would urge the Task Force to adopt the entire list, call for each indicator's being calculated in some form annually for the board of governors, but leave it to each board of governors to decide which indicators are of particular relevance to that university's mission and plans, and to add supplementary indicators more particularly suited to the institution. Those decisions would be formal and matters of public record. Each university would then assign the value or norm which it proposes to use for each of the relevant and supplementary indicators.

To answer an obvious question, the Committee should explain that while it could have structured the list of indicators to form various clusters -- for example, research -- it has deliberately chosen not to do so. There are many combinations in which the indicators could be used depending on institutional circumstances and the interests of boards of governors. The Task Force might wish to consider the following examples in deciding whether or not to structure a list of indicators.

There are several indicators about the organization of faculty resources. One has to do with the level of tenure and is presented as an indicator of the Management and Allocation of Resources. Another indicates the balance between full-time and part-time academic staff. The latter indicator, on its own, is of minor significance and, perhaps, might not have been proposed at all were it not for its relationship to the former indicator. Part-time academic staff are not normally eligible for tenure. Thus a shift towards part-time

complement would lower the rate of tenure overall, but not for any reason having to do with policies about tenure. Thus full accountability depends on more than one indicator.

The other example does not directly involve any particular indicator. Accountability can be accomplished in many ways, as the Task Force no doubt realizes. While the proposed indicators may be quite effective in some areas of institutional activity -- for example, performance -- they may be part of a larger concept of accountability in other areas. For example, in regard to quality, there are subjective means of accountability which indicators can inform but not substitute for. Peer assessment is a more common and effective means of holding institutions accountable for quality than indicators are or likely could ever be. In such cases, process is more important than measurement by indicator. Therefore, in discussing "Transparency" the Committee suggests certain key areas in which university boards should be informed about procedures, for example the procedure for evaluating instruction.

In making this important observation about the larger context of accountability, of which indicators are but one part, the Committee realizes that it may be taking issue with some of the Ontario Council on University Affairs' plans for reviewing academic quality. The Council has indicated in its discussion papers that it will consider the development of "minimum standards." Such standards, by another name, are indicators.

While the Committee has devised some indicators that relate to quality, they would have limited utility and reliability if used alone. None could be construed as a minimum standard or norm except within the context of an institutional mission statement and of an institutional peer review mechanism.

Thus, while the Committee advises the Task Force to be cautious about using indicators out of context or by relying on them too heavily in areas where other, better means are available, we would also wish to advise the OCUA about the specious, even dangerous, reliance on minimum standards or other such putative norms.

<u>Indicator</u>	<u>Res- ponsive- ness</u>	<u>Quality</u>	<u>Performance</u>	<u>Resources</u>	<u>Mission</u>
1. Distribution of entering grade average	X	X			X
2. Acceptance or yield rate		X		X	
3. Research grants per professor		X		X	
4. Research yield		X	X		
5. Research grants as a % of revenue*			X		X
6. Research contracts as a % of revenue*			X		X
7. Tenured faculty					
a. faculty holding tenure				X	
b. eligible faculty receiving tenure				X	
8. Library resources					
a. volumes acquired				X	
b. volumes held		X		X	
c. total spending		X			
9. Per cent of international students	X			X	X
10. Per cent of faculty holding scholarly awards		X			
11. Per cent of students holding scholarly awards		X			
12. Per cent of living alumni making gifts				X	
13. Student retention					
a. quality	X				X
b. institutional or program performance*			X		
c. management and allocation of resources*	X				

Indicator	Res- ponsiveness	Quality	Performance	Resources	Mission
14. Space allocation				X	
15. Space utilization				X	
a. classrooms					
b. teaching laboratories					
16. Courses scheduled/courses offered*					X
17. Time to graduation*	X		X		
18. Per cent of faculty with doctorate	X				
19. Educational technology	X				
20. Academic support		X			X
21. F-T/P-T instruction				X	
22. Academic staff on research leave				X	
23. Instructional Load					
a. teacher:student ratio*				X	
b. student contact hours*				X	
c. graduate thesis supervision*				X	
d. class size				X	
24. Allocation of resources				X	
25. Curricular articulation with CAATs	X			X	X

\* output measures

## 1. Distribution of Entering Grade Averages (Responsiveness, Quality, Mission)

a. For each program which is accessible directly from secondary school, the number of full-time students in the first year of study who enter directly from Ontario secondary schools with a "six best" OAC average of 80\* per cent or higher, and 65\* per cent or lower

over

the number of full-time students in the first year of study in the program who enter directly from Ontario secondary schools.

\* The values could be different from university to university, according to its mission. This is not just a footnote. Many of the indicators either have values built-in or can be used to construct values. Uniformity of definition and calculation are not the same as uniformity of result. Each board of governors should determine for itself the values that are most pertinent to the institution.

b. For each program which is accessible directly from secondary school, the "six best" OAC averages or CEGEP "Z" scores at the 75th and 25th percentiles of the group of students who enter directly from Ontario secondary schools.

For other programs, the same indicators may be used incorporating standardized test scores, for example, the LSAT for Law and GMAT for Management. For graduate programs, undergraduate Grade Point Average or GRE may be employed.

2. Acceptance or Yield Rate  
(Quality, Resources)

The yield rate is the number of acceptances, acceptances being defined as registrants from the applicant pool for the first year of the respective program registered by each institution's final date for Fall Term registration over the number of applicants (not applications) to the institution or program.

1. undergraduate degree programs to which entry is available directly from secondary school, CAAT, or CEGEP
2. professional graduate degree programs which do not normally lead to a doctoral degree
3. doctoral stream graduate programs, Masters or doctorate

who received offers of admission in response to completed applications. All yield rate data will be lagged by one year: for example, 1992-93 indices will be based on 1991-92 data.

There shall be a separate index for either each category of program or for each program.

Calculation of yield rates shall not include transfer and advanced standing admission, progress from the Master's to doctoral level within doctoral stream graduate programs, progress from M. D. to internship to residency in medical programs.

The reason for basing the yield rate on the number of applicants instead of the number of applications is that for some institutions there may be applications and offers of admissions for more than one program offered by the institution.

There often is an inclination to use "cut-off" scores as indicators of quality or performance. Cut-off scores are neither. They are essentially artifacts of the admissions process at a particular stage where initial intake must be controlled.

3. Research Grants per Professor  
(Quality, Performance)

1. Research grant funding per professor will use the same definition for "all professorial ranks" as in the student-teacher ratio index: the Statistics Canada reports as of October 1 into the annual value of peer-adjudicated research grants from the

**Federal granting councils (including Canada Council) held by faculty holding appointments in the institution.**

There will be two indices, each calculated the same way: one for Humanities, Fine Arts, Education and Social Sciences (that is, CAGS Divisions A and B), and one for Engineering and Physical, Health, Agricultural and Biological Sciences (CAGS Divisions C and D).

2. Research grants per professor will be calculated in the same manner as research grant funding per professor is calculated except that the numerator will be the number of grants held instead of the annual value of grants held.

4. **Research Yield**  
(Quality, Performance)

A problem often encountered with measures of research activity at the faculty and institutional level is that the availability of funding can and does vary considerably among disciplinary areas and that the distribution of academic staff within disciplinary areas can and does vary from program to program and from institution to institution. A *research yield* index can compensate for those differences while *research grants per professor* or *research funding per professor* normally cannot.

For each of four areas -- Arts and Humanities, Social Sciences, Physical Sciences, Natural and Health Sciences -- a separate index will be calculated as the variation from a norm determined by:

The number of full-time faculty -- all professorial ranks as reported to Statistics Canada as of October 1 -- as a percentage of all full-time faculty -- defined the same -- nationally.

and

The dollar amount of research grants received from the respective Federal granting council to the faculty in the disciplinary area in the institution as a percentage of the total dollar amount available nationally from the councils in the disciplinary area.

5. **Research Grants as a % of Operating Revenue**  
(Performance, Mission)

The dollar amount of all peer adjudicated research grants actually received (as opposed to the value of awards) within the fiscal year.

over

The dollar amount of operating revenue for the same fiscal year.

6. **Research Contracts as a % of Operating Revenue**  
(Performance, Mission)

The dollar amount of all research contracts actually received (as opposed to the value of contracts) within the fiscal year

over

The dollar amount of operating revenue for the same fiscal year.

7. **Tenured Faculty**  
(Resources)

a. Per cent of faculty holding tenure

The number of full-time staff in all academic ranks who held tenure as reported to Statistics Canada on October 1

over

The total number of full-time staff in all academic ranks as reported to Statistics Canada on October 1.

b. Per cent of eligible faculty receiving tenure

The number of full-time staff in all academic ranks as reported to Statistics Canada on October 1 who were awarded tenure in that year

over

The number of full-time staff in all academic ranks as reported to Statistics Canada on October 1 who were eligible to be considered for tenure in that year.

These indicators may be applied at either the program or institutional level.

8. **Library Resources per Student**  
(Quality, Resources)

a. Volumes acquired per FTE enrolment

b. Total volumes held per FTE enrolment

a. monographs

b. serials

c. Total library spending per FTE enrolment

For each index, FTE enrolment is based on the sum of enrolment, including "BIU ineligible" enrolment reported on the Fall UAR count date x 2. Total spending will be defined as it is in COFO-UO annual reports. CARL definitions will be used for total equivalent volumes and volumes acquired, including books, serials, and audiovisual and CD/ROM collections.

Automation is becoming centrally important to building and organizing library collections. Both ARL and CARL are working on new ways of defining and measuring electronic data bases, but no standard definitions have been developed yet. When they are, they should be used to construct further indicators of library resources.

#### 9. Per cent of International Students (Responsiveness, Resources, Mission)

Although this is an indicator that might be taken as a measure of quality, it is highly problematic in that context. It is, however, potentially useful to governors in two other respects. If the enrolment of international students is an institutional objective as specified in a mission statement, an indicator would be important to measure the extent to which the objective is being realized. The enrolment of international students in Ontario has a complicated but significant effect on operating revenue. In terms of fiscal implications and resource management, an annual report to governors on international student enrolment as it affects revenue could be an important dimension of accountability.

**Definition vis à vis mission statement**

**As an institutional index:**

**all full-time international students (graduate and undergraduate) who held a student visa on the Fall Term count date**

**over**

**total full-time enrolment on the same date in programs for which international students are eligible for admission**

An indicator like this can also be used to measure the extent to which other objectives for diversification of enrolment are being realized, for example an objective to enrol mature students or local students (defined by postal codes).

The denominator refers to programs for which international students are eligible for admissions because some quite large programs (for example, undergraduate Education) are not normally accessible by foreign students. To continue the example, a failure to enrol international students in a B.Ed. program should not reflect on the extent to which that program contributes to the objective. In other words, the objective and the indicator that measures progress towards the objective should be based on what is attainable instead of arithmetically total compliance.

As a program indicator:

all full-time international students (graduate and undergraduate) in the program who held a student visa on the Fall Term count date

over

total full-time enrolment in the program on the same date in programs for which international students are eligible for admission.

10. Per cent of Faculty Holding Scholarly Awards  
(Quality)

full-time professorial appointments as reported to Statistics Canada on October 1 who hold currently or have held within the previous four years scholarly awards, competitively awarded, from the attached list (Appendix C)

over

total full-time professorial appointments as reported to Statistics Canada on the same date

This is defined as an institutional indicator, but can be expressed at the faculty or department level simply by including only faculty who hold appointments in the faculty or department.

11. Per cent of Students Holding Scholarly Awards  
(Quality)

For each degree program, full-time undergraduate students in the program or who were originally admitted to the program who hold or have been awarded competitively awarded merit based scholarships or bursaries from a formally specified list (an example for Arts and Science programs is enclosed as Appendix D).

over

all full-time undergraduate students in the program who were eligible to compete for such awards

The index normally should be calculated as a five year average.

**12. Per cent of Living Alumni Making Gifts**  
(Resources)

the five year average of the number of living alumni making annual gifts or comparable financial commitments for which a charitable receipt was given. Pledges are to be counted in the year they are made, and not the year they are collected

over

the five year average of the number of living alumni.

“Alumni” include all students who received a diploma or degree from the institution. Students who left without a diploma or degree are excluded.

This indicator might be taken as a measure of quality in the sense that the level of alumni giving is a surrogate for student satisfaction. It has not, however, been devised with that in mind. Its purpose is to measure the effectiveness of the institution's fund-raising efforts.

**13. Student Retention, Attrition, and Progress Towards Degree**  
(Responsiveness, Performance, Mission)

Student retention, attrition, wastage, progress to degree, persistence -- whatever terminology one chooses -- is an area in which expectations about accountability have recently risen to a high profile. Despite presumptions to the contrary, most universities do have information about student attrition, but they do not consistently use common definitions and methodologies in calculating rates of attrition, even from year to year within individual institutions. That should not be surprising. Different institutional missions necessarily call for different concepts of attrition. Different institutional structures -- for example, the opportunities to move between degree programs within each university -- also lead to different notions of attrition.

Differences among the particular methodologies for expressing and calculating student retention are more than technical. In terms of accountability there are at least three distinct concepts of student retention and in turn definitions of indicators that should be made regularly and consistently available to governors.

**a. Quality**

However one thinks about student retention analytically, its connection to measures of program or institutional quality must be regarded with considerable care. It is not a surrogate for student satisfaction. Students leave university for many reasons. Students switch programs and universities for many reasons, often as part of a deliberate educational plan. Thus, while it is important to know rates of student retention, it is not necessarily important or even always meaningful to conclusively judge quality on that basis.

In terms of accountability for quality, the most relevant concept of student retention is that which focusses on the individual student. It calls for an indicator that measures and expresses the probability of a student's completing the program in

which he or she initially registers. An indicator devised to inform governors and prospective students about that probability must necessarily be based on the movement of individual students, not yearly blocks of students, through programs. Thus it is not really an institutional concept. It can be calculated on the institutional level but it only has meaning at the program level.

The percentage of full-time students registered as degree candidates in the second year of each undergraduate program that is accessible directly from secondary school who completed their degree within one year of the expected date of graduation based on the normal full-time course load for the program.

Students who have left the institution, switched to part-time status, or transferred internally are excluded from the index.

#### b. Institutional or Program Performance

Just as institutional roles and missions differ so do expectations about student retention when viewed against the levels of performance which each institution's mission implies. An institution that deliberately seeks to be highly accessible may enrol a comparatively high level of students whose scholastic preparation could make high rates of student retention unrealistic and unattainable. A university with a comparatively large number of programs, spread across several levels in a combination of general studies and professional studies may have low rates of retention in some programs which are stepping stones to other programs.

This concept of retention is decidedly local with benchmarks that derive from each institution's particular sense of mission. As an index against which governors may hold their individual institutions accountable, it focusses more on blocks -- that is, Year 2 enrolment as a percentage of Year 1 enrolment, and so on -- than on individuals, as exemplified by the following table.

Year	# 1st-time students in 1st Year	# beginning 2nd Year	# beginning 3rd Year	# beginning 4th Year	# graduating 5th Year	# graduating 6th Year	# graduating 7th Year
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

\* For some programs there may be a 5th year.

Appendix B includes the detail of two student retention methodologies based on this approach. One is under development by the Ontario University Registrars' Association. the OURA methodology was tested in 1992 by several universities. It may require some refinement, but appears to be workable.

The other is a methodology that has been used for several years by the American Association of Universities. The AAU methodology is comparatively simple and straightforward. Since it has been in use in a wide variety of institutions for several years, its workability is proven.

Although concerns about gender, race, ethnicity, and mature-student admission can apply to virtually any definition of student retention, they are most addressable through methodologies based on the "institutional or program performance" definition. Any one of the proposed methodologies can be disaggregated to calculate rates of retention for various sub-groups of students, provided that the sub-groups can be identified in student record data bases.

c. **Management and Allocation of Resources**

Student retention is to some degree a measure of efficiency or "through-put." An institution allocates certain resources in order to produce a graduate within a reasonable period of time. To the extent that available student places are occupied by persons who do not persist to the degree, the resources could be considered not to have been utilized as well as they might have been. The same concept can be applied to students who invest their time and resources, and forego income, in anticipation of earning the intended degree. To the extent that they do not progress to their degrees, their resources have not been utilized as fully as they might have been. This concept of student retention is sometimes called, quite appropriately, wastage. It calls for yet another definition of retention for the purposes of accountability. It is a definition that rests basically on the average actual time to degree in relation to the normal or required time to degree.

Based on the institution's UAR reports for the November 1 count date, by program, excluding non-degree candidates, and including degree candidates reported as "ineligible"

a. the number of degrees conferred

over

the number of degree candidates.

b. the number of FTE non-degree candidates (e.g., Special Students)

over

the total number of FTE students, excluding "ineligible" FTE students.

c. the number of "ineligible" FTE students

over

the total number of FTE students, excluding non-degree candidates.

#### 14. Space Allocation (Resources)

The Council of Ontario Universities' *Building Blocks* space formula provides a basis on which a university can measure its actual allocation of space against a notionally optimal allocation. The allocations are based on 15 possible generic categories of space, for example, classrooms.

The *Building Blocks* formula makes no allowance for the age and quality of space, which in perhaps many cases would explain what otherwise would appear as an inefficient allocation.

**For each category of space under *Building Blocks* a separate index will be calculated as the variance from a norm determined by:**

**The square metre amount generated by the *Building Blocks* formula for each category of space as a percentage of the total space generated for the institution.**

and

**The actual square metre amount in each category as a percentage of the total space inventory of the institution.**

**This indicator will normally be calculated on a triennial basis.**

The following table is an example of how this indicator should appear to a board of governors. Each board would determine what degrees of variation should be regarded as acceptable, adjusted for the age and quality of space. Unlike some indicators which can and should operate at the program level, this indicator is only fully workable at the institutional level.

##### Space Allocation vis à vis Building Blocks

##### SAMPLE UNIVERSITY

Category	Space Classification	COU Building Blocks Sq.M.	BB % of Total Sq.M.	Actual Space Inventory Sq.M.	Actual % of Total Sq.M.	Norm Index	Variation Index
1	Classrooms	4,607	12.8%	3,042	9.5%	100	75
2	Teaching Laboratories	3,394	9.4%	5,926	18.6%	100	197
3	Research Laboratories	3,561	9.9%	4,160	13.1%	100	132
4	Academic Departmental Offices	4,332	12.0%	3,381	10.6%	100	88
10	Central Administration Offices	1,649	4.6%	1,934	6.1%	100	133
5	Library	4,726	13.1%	3,201	10.0%	100	77
6	Physical Education/Athletics	5,455	15.1%	3,955	12.4%	100	82
7,8,11, 12,13,14, 15	University Support & Services	7,678	21.3%	5,210	16.4%	100	77
9	Maintenance Shops	627	1.7%	1,055	3.3%	100	190
<b>TOTAL FORMULA AREAS</b>		<b>36,029</b>	<b>100.0%</b>	<b>31,864</b>	<b>100.0%</b>	<b>100</b>	<b>100</b>

## 15. Space Utilization (Resources)

The Council of Ontario Universities *Building Blocks* space formula makes certain assumptions about the rates at which space is utilized. For some categories of space, rates of utilization could not be usefully expressed as an indicator of institutional performance. But for two categories -- classrooms and teaching laboratories -- a useful indicator can be developed.

### a. Classrooms

#### Where

the definition of student enrolment is consistent with the definition in the Operating Formula Manual and the number of FTE students is the sum of:

- i. eligible fall term FTE undergraduate students x2
- ii. eligible and ineligible GFTE graduate students

and

the amount of space available for and in support of classroom instruction is the sum of the square metre amounts in the three subcategories of Space Category 1 -- Classroom Facilities.

will be measured against the *Building Blocks* guideline of 1.2 square metres.

An example is as follows:

FTE Students	Category 1 Square Metres	Square Metres per FTE	Building Blocks Guideline
13,933	16,177	1.16	1.20

This would represent a rate of utilization better than the guideline.

### b. Teaching Laboratories

The indicator proposed here operates basically in the same way as the indicator for classrooms, but there are four sub-categories of teaching laboratories, based on disciplinary areas, for example, applied science and engineering. There is a separate guideline for each category.

Where

The laboratory weekly student contact hours (WSCH) is the product of the course enrolment and the hours of scheduled, formal instruction received by each enrolled student, in facilities with certain equipment not ordinarily available in classrooms, during a typical examination week. Total contact hours will be grouped according to the COU *Building Blocks* Program Classification Scheme

and

The amount of space available for and in support of laboratory instruction is the sum of the square metre amounts in the three sub-categories of Space Category 2 -- laboratory, undergraduate, as defined by *Building Blocks*

will be measured against the respective *Building Blocks* guideline.

An example is as follows:

Group	WSCH	Category 2 Square Metres	Square metres per FTE	Building Blocks guideline
W	4,373	1,484	.34	.80
X	18,550	10,287	.55	.60
Y	11,878	2,787	.23	.50
Z	3,212	2,030	.63	.30

These indicators will normally be calculated triennially.

16. Courses Listed/Courses Actually Scheduled  
(Resources)

An indicator of both performance and "output" involves a comparison of the courses offered by a program or institution and the courses actually scheduled. In certain circumstances this may also be an indicator of quality.

The number of courses listed in the calendar for the Fall and Winter Sessions

over

The number of courses listed in the course schedule for the Fall and Winter Session.

Only courses are included, not tutorials, laboratories, or studios.

#### 17. Time to Graduation

(Responsiveness, Performance)

"Time to degree" or "time to graduation" is an important indicator of performance and of "output," particularly in situations when labour supply and demand are important. It is closely related to retention.

By program, and for full-time students only:

the average number of terms of registration by students who receive a degree

over

the number of terms of full-time registration, at the normal course load, needed to complete the degree

Students who leave the program, switch to part-time status, or temporarily withdraw should be excluded.

For co-op programs, the work terms should be included in the normal course load and in the number of terms of registration.

This is an indicator for which calculations should be disaggregated for gender and, where data are available, for race, ethnicity, and physical disability.

#### 18. Per cent of Faculty with doctorate or equivalent senior credential

(Responsiveness)

This is an indicator that is usually not reliable at the institutional level. For some programs -- for example arts, science, basic health sciences -- a higher percentage of faculty with the doctorate represents higher quality. But for other programs, particularly professional programs with large practicum or clinical components, the doctorate may not be the credential that is most indicative of quality. The indicator therefore will operate at the program level, with the relevant credential *formally identified* by the institution for each program. The indicator itself is simple:

The number of full-time faculty reported to Statistics Canada as of October 1 who held the doctorate (or other equivalent senior credential)

over

The total number of full-time faculty reported to Statistics Canada as of October 1.

As a guide for separating programs into a group to which the doctorate should apply and a group to which other senior credentials should apply, universities should refer to the report of the COU task force on faculty renewal, *Renewal of the Professoriate* (Section 1.3).

## 19. Educational Technology (Responsiveness)

Educational technology is an emerging area of activity for which measures might be devised to indicate quality, responsiveness, and possibly the management of resources. It is, however, an area for which reliable indicators are difficult to devise, mainly because of an absence of accessible data. For example, the identification and availability of data about computing is problematic, partly because of limited means of measurement and partly because computing resources are spread across several organizational levels.

But for some areas, useful indicators are feasible:

a. The number of audiovisual items, as defined by CARL,  
in the institution's library collections

over

The sum of the number of full-time equivalent students  
reported on the Fall UAR count date x 2

b. The number of audiovisual items, as defined by CARL,  
in the institution's library collection

over

The total number of full course equivalents in the Fall  
and Winter Sessions + 2, excluding tutorials,  
laboratories, studios, and courses taught by  
correspondence or other forms of distance education.  
Two half courses are the equivalent of one full course.

c. The number of audiovisual items, as defined by CARL,  
with copyright in the institution's library collection

over

The total number of audiovisual items, as defined by  
CARL, in the institution's library collection.

d. The number of seats in multi-media classrooms

over

The total number of full course equivalents in the Fall  
and Winter sessions + 2, excluding tutorials,

laboratories, studios, and courses taught by correspondence or other forms of distance education. Two half courses are the equivalent of two half courses

or

The total number of full course equivalent students (one student in one full-year course = one full course equivalent student) as reported by UAR on the fall count dates x 2.

e. The total number of full course equivalents in all sessions, excluding tutorials, laboratories, studios, and courses taught by correspondence or other forms of distance education which require computer applications. Two half courses are the equivalent of one full course

over

The total number of full course equivalents in all sessions, excluding tutorials, laboratories, or studios. The half courses equal one full course.

## 20. Academic Support (Quality, Resources)

As the academic enterprise has evolved, the effectiveness of academic staff in both teaching and research is partly determined by the availability of academic and administrative support. One would prefer an indicator based on specific categories of support staff, but data on that basis are not accessible. So the proposed index is broader.

In the operating budget, the sum of:

Total salary expense

less

Total salary expense for all academic ranks

less

Total central administrative salary expense

less

Total campus and student service salary expense

over

the sum of:

total academic salary expense for full-time appointments  
over the annualized average salary for full-time  
professorial ranks

plus

total academic salary expense for part-time appointments  
(including expense for teaching stipends and summer  
sessions) over the annual "floor" salary for Assistant  
Professors.

The result will be the number of academic support dollars per FTE academic.

**21. Balance of Full-time and Part-time Instruction  
(Resources)**

There is considerable interest in the proportions of instruction provided respectively by full-time and part-time academic staff. The general perception is that the quality of instruction is higher when provided by full-time faculty. The perception may or may not be generally correct. It is almost certainly not correct when applied to certain programs. For example, the strength of some professional programs depends in part on the participation of practitioners who are involved on a part-time basis. So, two indicators are proposed, but with the very definite stipulation that each should be used only at the program level.

a. The total number of courses taught in all sessions by academic staff in all ranks who were reported to Statistics Canada as full-time on October 1

over

The total number of courses in all sessions.

Include only principal instructors. Include only courses and formally scheduled sections of courses. Do not include tutorials or laboratories.

b. 1. Total academic salary spending for full-time appointments over the annualized average salary for full-time professorial ranks

plus

2. Total academic salary spending for part-time appointments (including expenditures for teaching stipends and summer sessions) over the annual "floor" salary for Assistant Professors

equals

**Total teaching complement, full-time and part-time.**

**Alternative**

Statistics Canada has been developing a reporting format based on actual counts of full-time and part-time faculty. Some Ontario universities have been able, on a preliminary basis, to assemble faculty data on that basis. Where a university has been able to do that, an alternative definition would be:

**Total FTE academic complement**

**over**

**The denominator ( 3 ) in the principal definition.**

**22. Academic Staff on Research Leave**  
(Resources)

At any given time the funded academic complement of an institution may be greater than its actual instructional complement due to the fact that some faculty members are on research leave. The differences between the two figures may in the end be small as replacement appointments are temporarily made or as stipends fund overload teaching. This indicator, then, should be viewed within the context of other indicators, particularly #23, Student:Teacher Ratio; #7, Percentage of Tenured Faculty; #16, Courses Scheduled/Courses Offered; #18, Percentage of Faculty with Doctorates or equivalent senior credential; and #21, Balance of Full-time and Part-time Instruction. On its own, the Academic Staff on Research Leave indicator may be irrelevant.

**The number of full-time equivalent academic staff on funded research leave**

**over**

**The number of academic staff in professorial ranks as reported to Statistics Canada on October 1.**

**Full-time equivalency will be based on the annualization of leaves of fewer than twelve months. Other academic ranks should be included where they are eligible for research leave.**

**23. Instructional Load**  
(Resources)

There are a number of different ways that instructional workload can be measured and expressed. Because the range of activities comprised by instructional workload is so large, an array of inter-related indicators is superior to reliance on a single indicator.

a. Teacher:Student Ratio

A teacher:student ratio appears to be a rather obvious and straightforward index which conveys useful and reliable management information. Governors will inevitably ask for it. As a definition, it is neither as simple nor as accurate to construct as it would seem.

Several different definitions can be considered, but none is readily workable: a tendency to favour definitions involving full-time staff do not really reveal instructional load while definitions based on rank draw artificial distinctions. A definition that initially seems to overcome most deficiencies is quite simple: *Total salary spending for all ranks over the average salary for professorial ranks*. The definition in effect converts spending into nominal complement. Data that accord to the definition are readily available at both the institutional and the program or faculty level.

In some institutions, however, that definition may fail to draw a meaningful distinction between part-time and full-time staff. Therefore, while the basic concept is a definition based on spending and average salaries, it is divided into two parts.

1. **Total academic salary spending for full-time appointments over the annualized average salary for full-time professorial ranks**

plus

2. **Total academic salary spending for part-time appointments (including expenditures for teaching stipends and summer sessions) over the annual "floor" salary for Assistant Professors**

equals

**Total teaching complement**

over

3. **Full Course Equivalents (FCE): one student -- graduate or undergraduate -- in one full-year course in the calendar in each faculty or equivalent organizational unit, regardless of the student's program of registration. Students taking courses outside the faculty for which the ratio is calculated will not be included. Students from other faculties taking courses in the respective faculty will be included. The FCE's will be those for the Fall, Winter and Spring/Summer sessions on the official Ministry count dates.**

"Total academic salary spending" will refer to all spending for all academic ranks. The "average salary for full-time professorial ranks" will be based on the Statistics Canada reports as of October 1 each year. Those reports treat any appointment at greater than 90

per cent as full-time and include only positions that are actually occupied as of October 1.

This approach to constructing a staff:student ratio relates FTE appointments to FTE enrolment when FCE's are converted to FTE's on the basis of normal course loads, program by program. The proposed definition for faculty does that on the "teacher" side of the ratio, and the use of FCE's will have the same effect on the "student" side.

The ratio thus produced will be FTE academic staff to FCE's. Using full course equivalents obviates the full-time/part-time problem on the student side of the ratio. The sum of FCE's reflects total workload, regardless of courseload.

#### Alternative

Statistics Canada has been developing a reporting format based on actual counts of full-time and part-time faculty. Some Ontario universities have been able, on a preliminary basis, to assemble faculty data on that basis. Where a university has been able to do that, an alternative definition would be:

Total FTE academic complement

over

The denominator ( 3 ) in the principal definition

#### b. Student Contact Hours

The "student contact hours" is a statistic used in other jurisdictions, particularly in the United States. It is not in widespread use in Ontario. Student contact hours are normally expressed as a weekly measure:

one hour of instruction given to one student in one course in one week

Thus, if a class meets for three hours in a week and there are twenty students in the class, the class would generate sixty weekly student contact hours.

The weekly student contact hour is a reliable and relevant indicator for formally scheduled instruction. It becomes problematic as a measure of all instructional contact with students.

While the weekly student contact hour can be aggregated to produce an institutional index, it is most relevant at the program level. One would expect, for example that instructional methods will be different for programs with studios, clinics, and practicums as opposed to programs that involve mainly the exposition of theory. One would also expect different methods at the graduate level where thesis supervision replaces instruction.

**By program**

**weekly student contact hours generated in all sessions by all students regardless of program of registration**

**over**

**The sum of**

**total academic salary spending for full-time appointments over the annualized average salary for full-time professorial ranks**

**plus**

**total academic salary spending for part-time appointments (including expenditures for teaching stipends and summer sessions) over the annualized salary for all non-professorial academic ranks.**

**or**

**total FTE academic complement.**

**Include only regularly scheduled courses, laboratories, tutorials, and studios.**

**Exclude and report as a separate program correspondence and other distance education courses.**

**c. Graduate Thesis Supervision**

Indicators 23.a and 23.b can be expanded to include other forms of instruction. For example, FCE's or weekly student contact hours (WSCH) could be assigned to graduate supervision as follows:

**For each master's degree student in a program that requires a thesis, one FCE or one WSCH student -- full-time or part-time -- at the thesis stage.**

**For each doctoral student -- full-time or part-time -- one FCE or one WSCH**

This methodology can be used either to create a separate **Graduate Theses Supervised/Academic FTE** indicator or to broaden the scope of the **Student:Teacher Ratio** and **Student Contact Hour** indicators.

If a separate indicator is created, the denominator -- full-time equivalent academic complement -- will be the same as in 23.a and 23.b. For institutions that have a separate graduate faculty definition, the full-time

equivalent academic complement would be the same as in 23.a and 23.b, but include only faculty holding appointments in the graduate faculty as of the October 1 report to Statistics Canada.

d. Class Size

This indicator will apply only at the program level and only for undergraduate programs, and "second entry" professional programs, graduate and undergraduate.

A "class" is the principal class or primary meeting of each formally scheduled course. For a lecture course, the lecture period is the primary meeting, thus excluding tutorials, laboratories, studios, and clinics. Tutorials, laboratories, studios, and clinics are included when they are formally scheduled as credit-bearing courses, separate from other courses.

Correspondence courses and other distance education courses are excluded and reported separately.

Students auditing courses are excluded. Special students and "BIU ineligible" students are included.

There will be several iterations of class sizes BY PROGRAM:

- i. mean class size
- ii. median class size
- iii. class size by range: 1-15, 16-30, 31-60, 61-100, 101-150, 151 and up.
- iv. i, ii, and iii, class size will be calculated for first and second year courses, and for third, fourth, and fifth year courses.

The class size will be based on the enrolment in each course, in each session, on the official Ministry count date for the session.

24. Allocation of Resources  
(Resources, Mission)

There are many indicators that could be constructed to measure the use and allocation of resources, but it is difficult to generalize them into a few indicators that would be suitable for every university. Even if it were, the indicators that might seem to be appropriate this year might be less appropriate next year.

The Committee therefore proposes a basic matrix of data which can be used to construct a variety of indices on a customized basis as required by boards of governors. The matrix uses common definitions, so that the Task Force can be sure that the indices derived from it will be based on consistent and reliable data.

The matrix is in two parts: one will display information at the institutional level to inform governors about the allocation of resources by generic category; the other will display information by academic unit. The two-part structure will thus display both the organizational and generic dimension of resource allocation. It will also reveal the distribution of certain categories of expense across divisions. For example, a great deal of each university's administrative expense is in academic divisions.

For each Faculty, School, or College

<u>Category</u>	<u>Budgeted Expense</u>	<u>Actual Expense</u>	<u>FTE Complement</u>
Instruction and Research			
Library			
-- acquisitions*			
-- administrative			
Student Services			
Student Financial Assistance			
Administration			
Support Services			
Equipment			
Other			
Contributions and Recoveries			

\* including binding expense.

For the institution

<u>Category</u>	<u>Budgeted Expense</u>	<u>Actual Expense</u>	<u>FTE Complement</u>
Instruction and Research			
Library			
-- acquisitions*			
-- administrative			
Student Services			
Student Financial Assistance			
Administration			
Support Services			
Physical Plant			
-- utilities			
-- maintenance			
-- administration			
-- safety			

\* including binding expense.

For each element, the applicable CUDEC or COFO-UO definition will be used.

**25. Curricular articulation with CAAT's/CEGEP's  
(Responsiveness, Resources)**

**a. Courses**

The number of CAAT/CEGEP or university courses cross-listed in the official calendar of the university or program in all sessions

over

the total number of courses listed in the official calendar of the University or program in all sessions

**b. Cross-Registration**

The number of FTE CAAT/CEGEP students registered in university courses in all sessions

plus

the number of FTE university students registered in CAAT/CEGEP courses in all sessions

over

the total FTE enrolment of the university in all sessions, including BIU "ineligible" and special students, but excluding correspondence and other distance education courses.

**c. Credit Transfer**

The total number of college credits recognized for transfer from CAAT's or CEGEP's for CAAT or CEGEP students admitted by transfer

over

the total number of college credits earned by CAAT or CEGEP students admitted by transfer.

**d. Students**

The number of students entering the program (or institution) with advanced standing for the first time from a CAAT or CEGEP

over

the total number of students entering the program (or institution) with advanced standing for the first time.

Include only programs that can be entered directly from secondary school.

## APPENDIX A

# **TASK FORCE ON UNIVERSITY ACCOUNTABILITY**

CONFEDERATION OF ONTARIO UNIVERSITY STAFF ASSOCIATIONS  
COUNCIL OF CHAIRMEN OF ONTARIO UNIVERSITIES  
COUNCIL OF ONTARIO UNIVERSITIES  
MINISTRY OF COLLEGES AND UNIVERSITIES  
ONTARIO CONFEDERATION OF UNIVERSITY FACULTY ASSOCIATIONS  
ONTARIO COUNCIL ON UNIVERSITY AFFAIRS  
ONTARIO FEDERATION OF STUDENTS  
ONTARIO GRADUATE ASSOCIATION

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1992 09 16

D. W. Lang  
Chair  
COU/CUPA Committee on Accountability  
University of Toronto  
Room 107  
27 King's College Circle  
Toronto, Ontario M5S 1A1

*Dan*  
Dear Mr./Lang:

As a member of the Minister's Task Force on Accountability you are familiar with the Task Force's mandate and its recent interim report. You know then that the Task Force is considering periodic reports of institutional performance as a means by which universities may account to the government and the public for the funding which they receive.

Setting aside the fiduciary dimension of accountability, the Task Force has formed a perception - subsequently confirmed by the Minister - that "transparency" is an issue in a broader definition of accountability. Neither the government nor the public feels sufficiently informed about how one measures what universities do. The Smith Commission made a similar observation, and went on to propose specific objective expressions of institutional activity.

The Task Force wishes to have the Committee on Accountability's advice about an array of objective measures and expressions of institutional performance and outcomes. The Task Force wants to know what is feasible and what would be

reliable. We are not asking the Committee to rank the indices or attach any weight to them. In short, the Task Force wishes to have a list of possible measures that, if selected, would be practicable and credible. Given the concerns about "transparency" the Committee should devise measures that are broadly comprehensible.

The Task Force is aware that the AUCC, in responding to the Smith Commission, proposed development of an array of national indices. The Task Force's mandate is provincial. Nevertheless, we would also like the Committee to indicate whether or not certain indices would be more reliable and useful if defined as national instead of provincial terms.

The Task Force is also aware of the Committee's report on the *Maclean's* survey. Were it not for the ranking and weighting dimensions of the *Maclean's* survey, the forms and perspective of the Committee's report is a good example of the advice that the Task Force would like to have from the Committee.

The Task Force does have a deadline. I would be grateful if the Committee could provide its advice by December 1. If the Committee wishes to comment broadly on the Task Force's interim report, it should feel free to do so.

Sincerely,



William H. Broadhurst  
Chair, Task Force on University Accountability

cc: Task Force  
P. George  
D. Jamieson

















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